



**The Role and Nature of Social Customer
Relationship Management (Social CRM) in
Australian Companies**

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This thesis has been approved by the Tasmanian Social Sciences Human Research Ethics Committee (HREC), Ref No: H0013245.

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ABSTRACT

The aim of this thesis is to examine the uptake of Social Customer Relationship Management (Social CRM) in Australian companies by generating insight into factors that support or hinders adoption. Social CRM is an emerging concept that includes strategies, processes and technologies to link social media with traditional CRM practices. Despite the growing attention being paid to this concept, there is little evidence on what determines the adoption of Social CRM by private companies. Due to the lack of research on this topic, policy makers and company managers alike may struggle to understand the phenomenon and thus be uncertain about what actions or practices they should take to support and foster Social CRM engagement. There is thus a compelling need for exploratory research into the Social CRM phenomenon within the private sector context.

This research adopted a pragmatic ontology and epistemology through the use of mixed methods. The research strategy involves the use of mixed methods design, where both the quantitative and qualitative data were collected concurrently at one point in time and combined together as one case study. The quantitative survey was used to gain a broad understanding of the current patterns of Social CRM adoption in Australian companies. Semi-structured interviews were used to gain a deep understanding of the processes and activities underlying Social CRM adoption, implementation and evaluation. A concurrent approach to data collection was used, where both the quantitative and qualitative data were collected concurrently and equal priority was given to both methods. The target participants were company owners, CEOs, marketing managers or IT managers who played a crucial role in making decisions on the adoption of Social CRM by the companies.

Quantitative and qualitative data were first analysed separately and later combined the interpretation. The quantitative data from the surveys were analysed using descriptive statistics. The qualitative data from the semi-structured interviews were analysed using thematic analysis by applying the principles of grounded theory to support thematic coding. The combined findings reveal that Social CRM can be used to refine existing

strategies or processes instead of creating major changes. As such, Social CRM can be considered as either a company strategy or part of an existing corporate strategy. Companies adopting Social CRM do so with the aim of building meaningful interactions and trust-based relationships with customers, rather than using it as a marketing tool. There is a positive link between the size of the company and the development of Social CRM related technologies. Top management plays a key role in determining Social CRM adoption. The adoption of Social CRM is more likely in companies whose top management has ICT knowledge and skills, are early adopters of technology, and are able to develop a shared vision among employees to align ICT and marketing activities and functions. The combined findings also suggest the usefulness of the Resource-Based View (RBV) theory in helping companies make a decision about Social CRM adoption.

This research has made contributions at three levels: substantive, methodological and theoretical. At the substantive level, this research is the first large-scale exploration of the role and nature of Social CRM in Australian companies. The findings are valuable for company managers wishing to formulate strategies or practices for effective Social CRM engagement. At the methodological level, this research re-affirms the utility of a concurrent mixed-methods approach to research design in providing detailed insights into the Social CRM phenomenon as well as the utility of this existing suite of conventional methods for analysing data. At the theoretical level, this research proposes a three-stage process framework for Social CRM engagement, grounded in the RB theory, to help business owners, IT, marketing and CRM managers better understand a strategic approach to Social CRM adoption and ways for formulating relevant and effective strategies.

ACRONYMS

ANZSIC	Australian and New Zealand Standard Industrial Classification
B2B	Business to Business
B2C	Business to Customer
BI	Business Intelligence
CEO	Chief Executive Officer
CRM	Customer Relationship Management
DOI	Diffusion Of Innovations Theory
ICT	Information and Communications Technology
IT	Information Technology
MD	Managing director
NBN	National Broadband Network
RBV	Resource-Based View
RM	Relationship Marketing
SaaS	Software as a Service
SMEs	Small and Medium Sized Enterprises
SNSs	Social Networking Sites
Social CRM	Social Customer Relationship Management
SPSS	Statistical Package for the Social Sciences
TAM	Technology Acceptance Model
TRA	Theory of Reasoned Action
UTAUT	Unified Theory of Acceptance and Use of Technology
VCEs	Virtual Customer Environments

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Chapter 1 – Introduction

1.1 Introduction

This research explores the role and nature of Social Customer Relationship Management (Social CRM) in Australian companies. This chapter provides an introduction to the research. It begins with presenting an overview of the background and rationale along with the research problem. Research questions and objectives are then presented followed by the research approach undertaken and expected contributions. The structure of the thesis is then provided at the end of this chapter. This introduction chapter is structured as follows:

- Section 1.2 presents the background and rationale of this research in relation to Social CRM and the context of Australian companies.
- Section 1.3 introduces the research problem based on the gaps identified in Section 1.2.
- Section 1.4 presents the research questions and associated research objectives in relation to the research problem.
- Section 1.5 outlines an overview of the approach adopted for this research.
- Section 1.6 provides the contributions that were made to the body of knowledge from undertaking this research.
- Section 1.7 presents an overview of the thesis structure for the remaining chapters.
- Section 1.8 provides a summary of the chapter.

1.2 Background and rationale

The role of Information and Communication Technologies (ICTs) have become commonplace entities in all aspects of life (MILES & Huberman, 1994b). More specifically, the use of ICT has fundamentally changed the practices and procedures of nearly all forms of endeavour within governance, education, health, communication and all public and private company sectors (Olupot & Kituyi, 2013). From a company perspective, ICT offers the ability to foster improved competitive performance through networking,

clustering and formation of alliances. The IT infrastructure and functionality of the company system has changed with the development of ICT especially with the development of social media and Web 2.0 technologies (Olupot & Kituyi, 2013). Social media can be defined as *“a group of Internet-based applications that build on the ideological and technological foundations of Web 2.0, and that allow the creation and exchange of User Generated Content”* (Kaplan & Haenlein, 2010, p.61). Meanwhile, Web 2.0 is commonly associated with the Internet and refers to an integrated and dynamic service platform that is highly interactive and facilitates content generated by interconnected user communities utilising web applications that allow interoperability, collaboration and information sharing (O'Reilly, 2005). Recent developments in Internet-based social media including the development and growth of online communities have brought about a situation that has potential for new styles of relationship between companies and their customers (Ang, 2011b; Wenger, 2000). On this basis, the evolutions of social media and Web 2.0 have significantly changed customer relationship management (CRM) (Mohan et al., 2010). This change, coupled with a widespread adoption of the social web, results in a rapidly growing need for companies to engage socially with their customers (Despoina, 2008). This has been called ‘communications revolution’, where a company can no longer control the conversation with their customers. Customers are now sharing their experiences, knowledge and using feedback from their peers who have had experience with the company (Grabner-Krauter, 2010; Greenberg, 2009a; Larcinese & McChesney, 2008).

From a company perspective, through their social feature and functionality, such online technologies have come to add a new dimension to traditional CRM systems which sheds light on the way customers are related. Companies around the world are placing increasing emphasis on effectively improving relationships with customers by using social media (Harrigan, et al., (2015). Web 2.0 technology is essentially different from the traditional Web in that its content is user-generated requiring more collaboration amongst Internet users (Mosadegh & Behboudi, 2011). As a result, such technologies allow for the

community of existing and potential customers of a company to exchange ideas, tips, experience and even solutions for technical problems (Mosadegh & Behboudi, 2011). It cannot be denied that companies may need to extend traditional CRM capabilities to incorporate such technologies in order to engage the social customer of the present and future (Diffley & McCole, 2015). The development of such technologies has led companies to start realising the fact that the transaction is now controlled by customers (Diffley & McCole, 2015; Soliman, 2011). To react effectively to this changing environment, companies need to use this social networking trend to their own benefit by taking an opportunity to listen to customers to get the information that can be used to further develop their products or services to better address those customers' needs (Rappaport, 2010). The intensity of competitive forces within an industry and market is also another major reason for the adoption of social media technologies by companies wishing to stay competitive (Pinsonneault & Kraemer, 1993).

As Greenberg (2009a, p.35) points out, in this new era of CRM *“the customer is not just becoming the central repository for value, but wants to participate in value creation with business”*. As such, companies need to connect and participate actively with customers by using social technologies to meet the personal agendas of customers and to provide them with mutually beneficial value (Chess Media Group, 2010; Kuepper et al., 2015). As customer behaviour has changed drastically during the recent years, customers and prospects have chosen to engage with companies on their own terms such as building their own online communities (Linhares de Souza, Farinelli, Jamil, Lobo de Vasconcelos, & Dias, 2012; Young, 2009). Within such communities, customers trust each other and often search for peer reviews about companies (Mangold & Faulds, 2009). This could change the way a customer or potential customer sees the company. In order to make existing CRM effective in this connected environment, companies will need to adapt their strategies, apply new technologies by emphasising customer conversations and communication channels, as well as revise their operational process and manage related cultural changes (Odhiambo, Kibera, & Musyoka, 2015; Sohaib & Kang, 2014). Hence, formalizing traditional CRM

strategies combined with social media and Web 2.0 technologies will enable companies to locate and engage with current and potential customers where they prefer to communicate (Harrigan, et al., 2015). All of these suggest that traditional CRM has taken a further step to look for something different than the norm; it is a time of ‘two-way communication’ (Choudhurya and Harrigan, 2014). As a result, companies begin to incorporate and integrate the phenomenon of social media into their CRM approach. Such a new emerging practice is called ‘Social Customer Relationship management’ or ‘Social CRM’.

The focus of this research is to examine the uptake of Social CRM in Australian companies by generating insight into factors that support or hinder adoption. The research aims to identify the objectives and strategies for Social CRM adoption, investigate the current state of Social CRM, determine the related benefits and challenges, as well as address the question of whether and how Social CRM can be adopted and/or implemented as part of a coherent suite of a company’s strategies. In this research, the term ‘company’ refers to “*an economic organisation existing for the purpose of selling goods or services with the intent of making profits*” (Newby, Nguyen, & Waring, 2014, p.234).

1.3 Research problem

Social CRM is an emerging concept that includes strategies, processes and technologies to link social networking with CRM processes (Sarner, 2009). Social CRM is built around the existing concept of CRM which requires extensive knowledge about the customer and market needs as well as the appropriate positioning of a company’s product and service portfolio in the customer life and buying cycle (Muther, 2002). In other words, Social CRM involves using social networking capabilities and technologies to expand and deepen the traditional CRM approach (Mosadegh & Behboudi, 2011). The main task of Social CRM is to bridge the gap between social networking and the customer-orientated service systems of a company. This is a complex task, given that the quality of performed interactions depends strongly upon both the degree to which existing knowledge about customers and markets can be utilised and whether the relevant information in social networking can be identified

(Rappaport, 2010; Sarner et al., 2011). In this research, therefore, traditional CRM was defined as a business strategy that drives functional plans, processes and actions towards establishing relationships with customers, and Social CRM was defined as a corporate strategy that includes the business processes and technologies to link social networking or social media (e.g. Facebook, LinkedIn and Twitter) to enhance CRM.

As reported by the ACMA (2012), the private sector in Australia is slowly recognising the potential of social media technologies for interacting with customers and for other company networking purposes. In Australia, the term small and medium sized enterprises (SMEs) refer to all companies with less than 200 employees, whereas companies with 200 or more employees are classified as ‘large’ companies (ABS, 2001b). SMEs in Australia account for 99 per cent of all Australian companies; and, in 2012 just about 27 per cent of small companies, 34 per cent of medium companies connected to the Internet used online social network channels for company purposes such as advertising, awareness raising or sales (ACMA, 2012). This can raise the issue of whether such companies have recognised and adopted Social CRM initiatives where social media plays an important role in their existing traditional CRM. Based on the above mentioned factors, this research will be investigating Social CRM in large, medium and small Australian companies.

There are three reasons for the slow adoption of Social CRM among Australian companies which may be due to the challenges associated with such an adoption (Marolt, Pucihar, & Zimmermann, 2015; Sumathi, Jambulingam, & Rajagopal, 2015). Firstly, one important challenge is how to effectively harness the potential and collective intelligence of Social CRM which is constantly evolving in response to a changing environment (Ang, 2011b; Chang & Kannan, 2008). Also, given that Social CRM is not merely confined to the technical specifications but rather involves the company structure, transformations in both of these areas are deemed essential for the adoption of Social CRM (Ang, 2011b; Chang & Kannan, 2008). Secondly, another challenge could be the lower rate of traditional CRM uptake in Australia (Ang & Buttle, 2006; Trigo, Varajão, Figueiredo, & Barroso, 2007)

and/or because many companies fail to see a return on their CRM investment and found little incremental benefit from the traditional CRM (Knox et al., 2003; Newell, 2003; Peppers & Rogers, 2004). Companies need to realise that CRM depends more on strategy with sufficient resources (Rigby et al., 2002). Also, executives need to efficiently lead and support their teams in order to deal with a management change brought about by CRM (Peppers & Rogers, 2004). Finally, problems with Social CRM adoption in terms of the significant commitment of IT resources and expertise and the associated security issues (e.g. people hacking into the system), also raise doubts about whether Social CRM can be equally beneficial to all company sizes and sectors (Olupot and Mayoka, 2013).

In addition, the role of Social CRM in the creation and delivery of customer value has recently received considerable research and policy attention in many European countries (Acker, Grone, Akkad, Potscher, & Yazbek, 2011; Faase, Helms, & Spruit, 2011; Kuepper et al., 2015; Küpper, 2014; Lehmkuhl & Jung, 2013; Malthouse, Haenlein, Skiera, Wege, & Zhang, 2013; Vallath & Roberts, 2014), and in the U.S. (Greenberg, 2009b; Greenberg, 2010; McBride, 2009; Nadeem, 2012; Trainor, Andzulis, Rapp, & Agnihotri., 2014; Wang & Owyang, 2010). Although those research efforts were performed in different business contexts and different countries, there has been very little research conducted in Australia, and most of this research being done in the field of marketing (Ang, 2011a; Harrigan & Choudhury, 2012; Harrigan & Miles, 2014), not the field of ICT. This study selected focus on Australia due to Australian users having the second highest levels of internet access in 2016 based on Poushter (2016), and Australian consumers representing amongst the world's heaviest users of social media (Sensis, 2016). In the same vein, as recently reported by the Sensis (2016), the uptake of social media by Australian companies has continually increased over the years with 48 per cent of SMEs and 79 per cent of large companies being present on social media. This implies that Australian companies are more likely to formalise their existing business strategies, particularly traditional CRM strategies combined with social technologies, to help companies to engage with current and potential customers where they prefer to communicate. The above factors suggest that exploring the

current situation of Social CRM adoption in Australia therefore represents a valuable context for such initiatives not only in theoretical terms of advancing an understanding of Social CRM engagement, but also in practical terms of IT strategy significance in a wider context.

This thesis addresses that research need by exploring and investigating the role and nature of Social CRM in Australian companies. This research aims to build a broad picture of Social CRM activity in companies in Australia as well as to explain Social CRM activity in greater depth. The research question and associated research objectives which aim to address the research problem are presented in the forthcoming section.

1.4 Specific research question and objectives

Given the research problem identified above, this research aims to examine the uptake of Social CRM in Australian companies by generating insight into factors that support or hinder adoption. To achieve this aim, the study's overarching research question and a set of related research objectives that form the basis for the empirical analysis, are developed and listed below:

Research aim:

To examine the uptake of Social CRM in Australian companies by generating insight into factors that support or hinder adoption.

Overarching research question

- What is the role and nature of Social CRM in Australian companies?

Research objectives (RO):

- RO1. To identify the objectives and strategies for Social CRM initiatives in Australian companies

- RO2. To investigate the current state of Social CRM in Australian companies
- RO3. To identify the benefits and challenges in Social CRM initiatives in Australian companies

1.5 Research approach

This research adopted a pragmatic ontology and epistemology through the use of mixed methods. The research, consisting of two parts, was designed to capture a snapshot concurrently and combined together as one case study (Teddlie & Tashakkori, 2009). The quantitative survey was used to gain a broad understanding of the current patterns of Social CRM adoption in Australian companies, while the qualitative semi-structured interview was used to gain a deep understanding of the processes and activities underlying Social CRM adoption, implementation and evaluation. A concurrent approach to data collection was used, where both the quantitative and qualitative data were collected at approximately the same time period and equal priority was given to both methods (Teddlie & Tashakkori, 2009, Harwell, 2011). The target participants were company owners, CEOs, marketing managers or IT managers who played a crucial role in making decisions on the adoption of Social CRM by the companies.

Qualitative and quantitative data were collected concurrently but were analysed separately based on the mixed method design proposed by Teddlie & Tashakkori (2009). The quantitative data from the surveys were analysed using descriptive statistics. Given that the research was aimed at obtaining descriptive information on the current patterns of Social CRM phenomena in Australian companies, descriptive statistics for that information were used. The focus of the quantitative analysis was placed more on describing facts explaining a distribution and making comparisons between distributions than on offering statistical inferences or testing a cause-effect relationship between independent and dependent variables of interest. Meanwhile, the qualitative data from the semi-structured interviews analysed using thematic analysis by applying the principles of grounded theory to support thematic coding. (Strauss & Corbin, 1990). Thematic analysis approach was deemed the

most appropriate data analysis technique, allowing participants to describe, from their own perspective, what concerns and problems are in relation to their Social CRM implementation. Both quantitative and qualitative findings were combined during the interpretation and discussion of the research project. This process has been aligned with the theoretical mixed method design by Teddlie & Tashakkori (2009).

1.6 Research contributions

The aim of this research is to examine the uptake of Social CRM in Australian companies by generating insight into factors that support or hinders adoption using a mixed methods approach incorporating both quantitative and qualitative methods. As this research is primarily in the field of IT, this research project makes a significant contribution to IT knowledge at the substantial, methodological and theoretical levels.

At the substantial level, this research is the first large-scale exploration of the role and nature of Social CRM in Australian companies that uses the survey data of 1,060 companies combined with seventeen semi-structured interviews. In presenting the findings, this study sheds light on an important topic that is currently deficient in research in IT, and addresses the question of whether and how to adopt and implement Social CRM as part of a coherent suite of company strategies. The findings are valuable for company managers wishing to formulate strategies or practices for effective Social CRM engagement, and also to highlight a possible strategic direction for Australian companies based on their existing resources and capabilities to successfully adopt Social CRM initiatives.

At the methodological level, this research re-affirms the utility of a concurrent mixed-methods approach to research design in providing detailed insights into the Social CRM phenomenon as well as the utility of this existing suite of conventional methods for analysing data. In other words, the concurrent mixed methods, through the use of both the quantitative descriptive analysis and the qualitative thematic analysis, by applying the principles of grounded theory to support thematic coding help provide a holistic perspective

of the phenomenon. In regards to qualitative analysis, thematic analysis is used to analyse classifications and present themes (patterns) that relate to the data. It illustrates the data in great detail and deals with diverse subjects via interpretations. Using the principles of grounded theory to support thematic coding also enables researcher to extract new data or codes from the text and grouping them into categories in order to generate themes. Thus, this form of mixed methods research makes a unique methodological contribution by demonstrating the opportunities for pragmatism, showing various mixing techniques for data collection and analysis to obtain reliable findings.

At the theoretical level, this research presented a three-stage process for Social CRM engagement framework that supported by a resource-based view (RBV) framework in helping ICT researchers and managers better understand a strategic approach to Social CRM adoption.

1.7 Overview of the thesis

This section provides a brief overview of the remaining chapters of this thesis.

1.7.1 Chapter 2 – Literature review

Chapter 2 provides background information on the principle of Social CRM, in relation to its common objectives and strategies, technologies and processes, benefits and costs, problems and challenges. Given that Social CRM is a blend of traditional CRM methods with social networking ideas and practices; this literature review is proceeded by first reviewing what is known about traditional CRM. This is followed by reviewing the literature on social networking along with the ideas surrounding the related Web 2.0 concept. The extant literature on Social CRM is then reviewed, after which the chapter reviews theories relevant to Social CRM to provide a theoretical foundation for the research at the end of the chapter.

1.7.2 Chapter 3 – Research methodology

Chapter 3 outlines and justifies the use of the methodological approaches used to conduct this research. This chapter begins with an introduction of the philosophy at the basis of this research, followed by research strategy, research design, data collection techniques and approaches to data analysis respectively. The chapter presents a process of employing a mixed-methods research approach based on a concurrent mixed method design. Mixed methods use both the quantitative survey data together with the qualitative semi-structured interviews data to achieve breadth and depth in answering the research questions.

1.7.3 Chapter 4 – Quantitative data analysis and findings

Chapter 4 presents the findings from the quantitative analysis from the survey. Large-scale survey data comprising 1,060 responses were analysed using descriptive statistics combined with logit regression to explore what factors are associated with the propensity to adopt Social CRM by Australian companies and to examine the link between Social CRM and beneficial outcomes.

1.7.4 Chapter 5 – Qualitative data analysis and interpretation

Chapter 5 presents the findings from the qualitative analysis from the semi-structured interviews. These findings presented six main themes and their associated sub themes derived from thematic coding process based on seventeen interviews. The interpretations of the findings of qualitative analysis are presented and provide deeper understanding of the Social CRM phenomena in Australian companies.

1.7.5 Chapter 6 – Discussion

Chapter 6 presents an integrated discussion of the research findings obtained from the quantitative analysis (Chapter 4) and qualitative analysis (Chapter 5) chapters. The combined findings are discussed in relation to the existing body of literature.

1.7.6 Chapter 7– Conclusions

Chapter 7 presents a three-stage process for Social CRM engagement, and connects this process with existing theories to draw out the key findings of the research. This chapter also provides a concise summary of the findings obtained from this research in order to answer the research questions and objectives. The contribution to knowledge of this research at the substantive, methodological and theoretical levels is also presented. This chapter then discusses the limitations of the research and outlines future research directions.

1.8 Chapter summary

This chapter establishes the research foundations by presenting the background and rationale of this research, together with the research problem in relation to the Social CRM phenomenon in Australian companies. It presents the research question and objectives, as well as the methodology developed to the answer them. The research contributions are discussed, and a brief overview of the remaining chapters of the thesis are outlined. The next chapter provides a review of the literature in relation to traditional CRM, social networking and the role of Social CRM in the business context.

Chapter 2 – Literature Review

2.1 Introduction

This chapter provides the background information on the issues and concepts relating to Social CRM, in order to assist in understanding the role and nature of Social CRM in Australian companies. Since Social CRM is a blend of traditional CRM methods with social networking ideas and practices, this literature review will proceed by first reviewing what is known about traditional CRM. Then, the literature on social networking is reviewed along with the ideas surrounding the related Web 2.0 concept. This is followed by a review of the extant literature on Social CRM. Chapter 2 also outlines some potentially relevant theories, presenting those used in this research. This chapter is structured as follows:

- Section 2.2 reviews the features and practices of traditional CRM in companies.
- Section 2.3 reviews the concepts of social networking and Web 2.0 technology.
- Section 2.4 reviews the role of Social CRM initiatives in the business context.
- Section 2.5 reviews existing theories used to understand Social CRM.
- Section 2.6 provides a summary of the chapter.

2.2 Traditional customer relationship management (CRM)

In a study of Social CRM, it is important to understand traditional CRM since Social CRM, potentially at least, still retains the basic objectives and practices of traditional CRM. Thus, this section will review the features and practices of traditional CRM in companies. The review covers what is known in the extant literature on the following topics:

- CRM as a business strategy
- CRM principles in the marketing context
- Benefits of CRM
- Critical success and failure factors in business: strategy of CRM
- The evolution of traditional CRM

2.2.1 CRM as business strategy

The role of Customer Relationship Management (CRM) in enhancing customer intimacy has received considerable research attention by many strategy academics (Chalmeta, 2006; Dous, Kolbe, Salomann, & Brenner, 2005; Parvatiya & Sheth, 2001; Peppers & Rogers, 2004). Customer intimacy is originally a strategic approach aimed to understand and respond to the highly changing needs of various segmented customers in order to develop a relationship (Treacy & Wiersema, 1993). The concept of CRM has been developed as a strategic approach based on maintaining positive relationships with customers, enhancing customer loyalty and expanding customer lifetime value (Ahn, Kim, & Han, 2003; Blattberg & Deighton, 1996; Lueg, Malinauskaite, & Marinova, 2014; Sandelowski, 2001).

From a strategy point of view, CRM can be defined as a business strategy that drives functional plans, process and actions towards establishing relationships with customers; it is a means of incorporating the ‘customer strategy’ as part of the ‘business strategy’ in order to obtain and maximise superior customer value (Greenberg, 2009a). By combining organisational process and technology, CRM is considered as an enabler to capture, analyse and disseminate current and prospective customer data to identify customer needs more precisely and to develop insightful relationships (Ang & Buttle, 2006; Paulissen et al., 2007).

The strategic goals of CRM, as suggested by the literature (Chan, 2008; Greenberg, 2009a), is executed through ‘CRM systems’ which involve process support in the area of marketing and services with dedicated functionalities for information aggregation (e.g. customer history), as well as support on an operational and analytical level where the feature links to internal information technology and systems (e.g. Enterprise Resource Planning or ERP) and integrate interaction channels.

As relationship marketing is typically considered as the foundation for the development of CRM (Knox, Maklan, Payne, Peppard, & Ryals, 2003), understanding the CRM principles in the marketing context is required. This will be discussed in the next section.

2.2.2 CRM principles in the marketing context

Because the marketplace is driven by technology, CRM combined with an idea of changing the way businesses interact with customers through the use of information technology (IT) has increasingly become an important topic in marketing research (Ryals & Payne, 2001). CRM is described by Kutner and Cripps (1997) as data driven marketing where developments in the field of database marketing such as advanced segmentation techniques allow organisations to adopt individualised, customer-oriented strategies (Peters, 1997). It has been perceived as an application of one-to-one relationship marketing, resulting in organisational behaviours and actions to be changed towards an individual customer focus based on what the customer wants and what else the organisation know about that customer (Gronroos, 1996; Knox et al., 2003; Peppers, Rogers, & Dorf, 1999).

The acquisition of knowledge about customers' past experiences and market expectations is a key element of CRM principles, as it is the prerequisite for delivering satisfying services (Muther, 2002). In order to achieve good results from relationship marketing based on an understanding of customer behaviours, it is essential for an organisation to establish a long-term mutual-trust relationship with customers under the idea that a customer is a partner or co-producer, not a destination of the supplier's products (Gummesson, 1998; Kotler, 2003). As indicated by Gummesson (1998), the customer often wishes to be recognised as a person and not as an anonymous member in an undetermined segmentation.

Research suggests that customers are different and thus the relationships with them need to be managed differently (Couldwell, 1998; Knox et al., 2003). To obtain a specific view of customers, many aspects need to be taken into account by organisations including customer data collection, correct customer differentiation, customer communication improvement

and excellent relationship skills (Couldwell, 1998; Hughes, 2002). Chaffey (2003) proposes a three-stage model of CRM which shows how customer relationships can be managed. According to this model, customers are firstly acquired via clear communication of a powerful value proposition; they are then retained via good services; and the relationship is extended via the delivery of tailored products/services to clearly defined customer segments (Chaffey, 2003). Based on this view, CRM employs ICT to gather data, which can then be analysed to provide the information required to create a more personal interaction with the customer (Brohman, Watson, Piccoli, & Parasuraman, 2003; Pan & Lee, 2003; Swift, 2001).

The importance of customer segmentation and differentiation in managing customer relationship has been discussed in the literature. For example, Peppers and Rogers (2004) argue for the relevance of attributing different degree of importance to each customer by extracting and creating different segmentations of customer databases. Johnson and Selnes (2004) also propose a theoretical framework focusing more on accumulated value creation of a customer portfolio, in which customers are classified as acquaintances, friends and partners. Although organisations implementing CRM are often looking for ‘partners’, these authors suggest that managers should not stop doing business with customers that are less profitable on an individual basis (Johnson & Selnes, 2004). Nevertheless, a group of researchers (McKay & Marshall, 2004; Newell, 2003) postulate an opposite point by arguing that not all customers are equally valuable; therefore, companies do not need to respond to all customers or offer the same service benefits to all of them. According to this view, a company needs to learn about what individual customer wants, and hence to invest in the ones who can be profitable and valuable for the company (Newell, 2003).

Once the principles about CRM in marketing context have been understood, critical success and failure factors of CRM strategy needs to be considered. Thus, the next section will provide details regarding benefits of CRM.

2.2.3 Benefits of CRM

Customer retention and customer loyalty are key benefits of a CRM system to an organisation (Swift, 2001; Zikmund, Mcleod, & Gilbert, 2003). Working to retain existing customers by managing relationships with them can reduce costs of customer service and indeed increase the organisation's revenues (Swift, 2001). Positive outcomes, as stated by Zikmund et al. (2003) can include a larger share of a customer's business as a consequence of activities such as cross-selling (marketing of complementary products to existing customers) and up-selling (marketing of higher value products to new or existing customers). Customers also benefit from CRM systems in a number of ways, including a simpler buying process, ongoing dialogues with the firm and personalised attention. This suggests that CRM allows the organisation to customise its products and services from the customer's perspective (McKay and Marshall, 2004). Nevertheless, it must be noted that despite many benefits brought about by CRM, an organization cannot avoid encountering the real costs stemming from implementing CRM systems, including investment in IT and reactions of people to process changes (McKay and Marshall, 2004; Zikmund et al., 2003). Stone, Woodcock and Machtynger (2000) support this argument by indicating that an investment in developing a large customer database may lead to costs that outweigh the likely benefits. Also, in light of customers, Zikmund et al. (2003) indicate that costs to customers attributed to CRM include a loss privacy and missed opportunities to learn about or to buy offerings from other companies. However, many scholars assert that the long-term benefits of CRM systems should become apparent as time progresses, repeat purchases occur, and customer loyalty deepens (e.g. Reicheld, & Kenny, 1990; Stone et al, 2000; Zikmund et al., 2003). The next section will provide details regarding critical success and failure factors of CRM strategy in business.

2.2.4 Critical success and failure factors in business: strategy of CRM

Although CRM has been widely accepted as an essentially strategic approach for business for more than a decade (Greenberg, 2009a), research indicates that a few companies have seen consistent improvements in profitability and customer satisfaction from their CRM

investment (Knox et al., 2003; Newell, 2003; Peppers & Rogers, 2004). The followings are some organisational issues that are considered in the literature as critical factors for CRM success and failure.

- ***Strong leadership***

Prior research suggests that the success of CRM initiatives essentially requires strong support from top management (Rigby & Ledingham, 2004; Ryals & Knox, 2001). This idea is supported by Newell (2003) who argues that executives need to efficiently lead and support their team in order to deal with the management change brought about by CRM; and only after that strategic CRM framework is in place is it time to look for the final technology solution. Reasons for CRM failure may be that most executives do not understand what they are implementing, how much it costs, and how long it will take (Kotadia, 2010; Rigby, Reichheld, & Schefter, 2002). In this case, it is possible that the idea of adopting CRM comes from the marketing or the IT department; and therefore, top management may view CRM as an IT tool and not be convinced of the benefits the organisation can achieve (Bohling et al., 2006). This suggests that to successfully implement CRM, strong leadership, coupled with clear roles and responsibilities for each involved department/person, is essentially required (Bohling et al., 2006; Kotadia, 2010).

- ***Coherence in organisational lines of direction***

The coherence between organisational mission, objectives, processes and technology is an important factor that contributes to the success or failure of a CRM initiative (Coltman, 2005; Rigby et al., 2002; Ryals & Knox, 2001). As asserted by Chalmers (2006), greater business coherence defines business objectives linked to customer satisfaction. Since a CRM strategy involves establishing comprehensive knowledge of the customer by a means of a customer profile, a wider understanding of the structural and behavioural limits to organisational alignment is required (Coltman, 2005). Given that adopting CRM may change the structure and culture of a company, the step to align and redesign business processes enabling the integration of customer information must come before CRM

adoption, and everyone in the company needs to understand and respond to changes in culture, recognising that customers (not only products) drive profits (Dous et al., 2005; Rigby et al., 2002; Ryals & Knox, 2001). Kale (2004) indicates that a lack of adequate change management is a main reason for CRM failures. Most companies roll out CRM before changing their business process, and consequently reengineering does not match their culture (Rigby et al., 2002). Therefore, building team orientation and bringing the various units of the company together are considered of critical importance for CRM implementation.

- ***Technology investments***

The importance of technological readiness as a key success factor for CRM implementation has been identified in the literature (Chalmeta, 2006; King & Burgess, 2008; Raman, Wittmann, & Rauseo, 2006). Chamelta (2006) indicates that having the right technology for automating and improving the business process associated with managing the company's relations with its customers is critical for achieving actual implementation of the CRM strategy. The technology, as suggested by Raman et al. (2006), has to support analytics and provide information to guide strategic decision making such as identification of profitable customers and the potential for cross-selling. A rigorous analysis of the data would allow companies to identify new well-defined opportunities and thus extend the power of technology (Rigby & Ledingham, 2004).

- ***Strategic view of technology***

Rigby et al. (2002) assert that IT is not the core of CRM; CRM software is part of the solution but it does not drive the strategy or the process of CRM. According to these authors, installing CRM technology before creating a customer-focused organisation could perhaps be the most dangerous pitfall, since some effort is necessary to simplify the customer interface and to improve old processes. Researchers (Kale, 2004; Rigby et al., 2002) indicate that many companies fail to see a return on their CRM investment, because they assume CRM as a technological solution and try to implement CRM as a technology,

not as a strategy. For successfully implementing CRM, it is therefore important for a company to understand that CRM is not a technology upgrade; rather, it is a fundamental change in the quality of business interactions with its customers, and designed to make these interactions more effective and more profitable for the company (Kale, 2004).

The recent developments in Internet-based social media including the development and growth of technologies have brought about a situation that has the potential for a new type of relationship between companies and the customers (Ang, 2011b; Wenger, 2000). This leads to the next step of innovation in the CRM space. The evolution of traditional CRM will thus be discussed in detail in the next section.

2.2.5 The evolution of traditional CRM

New and advanced technologies are coming to the forefront offering the possibility of change to how CRM is utilised (Harrigan, et al., 2015; Trainor et al., 2014). The concept of ‘social networking’ and ‘Web 2.0’ has recently emerged in the field of CRM technology, and has changed the way companies and customers interact through the Internet (Greenberg, 2009a; O’Reilly, 2005). It extends interactive communication and collaborative information sharing to address a broader audience through online social networking site such as Blogs, Facebook, Wikis, LinkedIn and Twitter, with low costs of ownership (Mosadegh & Behboudi, 2011). Based on this emerging technology, various new sources of online information are created, initiated, circulated and used by customers intent on educating each other about products, services, brands, personalities and other issues, thereby allowing people to interact and collaborate in the digital world (Cooke & Buckley, 2008). This differs considerably from traditionally established forms of communication where interactive communication is limited to two persons and large audiences could be only addressed through mono-directional channels such as static websites, email, television and newspapers (Mangold & Faulds, 2009).

The increased customer-centric communication has lead companies to have less control over their market access and appearance (Grabner-Krauter, 2010; Greenberg, 2009a; Larcinese & McChesney, 2008), and therefore traditional front-offices and static websites are less likely to fully satisfy customers (Berthon, Pitt, & Campbell, 2008). As a consequence, CRM system providers have recently made attempts to include social networking and Web 2.0 functionalities to involve customers into the product creation and sales process, with the aim of enabling business organisations to talk to their customers, customers to talk to each other, and customers to talk to business organisations (Lee, 2010; Mangold & Faulds, 2009; Roche, 2008; Winterberg, 2010). The key values of social networking for companies, as identified by Lee (2010), are time (speed and duration), audience (plurality and diversity), cost (feasibility and effectiveness) and relations (friendliness and credibility). Obviously, the emerging trend brought about by social networking and Web 2.0 technology is likely to have the potential to revolutionize CRM; it enables business organisations to improve their understanding of the market, to achieve a more direct market access and to realise real-time and customer-driven interactions. On this basis, it may be argued that CRM is taking a further step that incorporates social networking into business strategies, processes and technologies (Diffley & McCole, 2015; Küpper, Lehmkuhl, Wieneke, & Jung, 2015a).

In summary, despite the popularity of social media and Web 2.0 technologies, traditional CRM strategies have begun to mature and the perception of CRM has dramatically changed (Greenberg, 2010). As such, combining traditional CRM strategies with social technologies would help enable businesses to locate and engage with current and potential customers where they prefer to communicate. This suggests that traditional CRM is taking a further step to look for something different from the past; it is a time of ‘two-way’ communication (Choudhurya & Harrigan, 2014). Thus, the next section will provide the detailed information about social networking and Web 2.0 technologies that are currently being in use with CRM.

2.3 Social networking and Web 2.0 technologies

Social networking and the associated concepts and technologies of Web 2.0 are the new dimensions of contemporary CRM approaches, and it is their contribution that justifies the term “social” in Social CRM. Thus, social networking and associated ideas and practices are highly important aspects of Social CRM. Therefore, the literature on social networking and related concepts and practices is reviewed. Topics that are covered include the following:

- Virtual/online communities
- Social networking and Web 2.0
- Social networking, Web 2.0 and companies
- The association between social networking and CRM
- The challenges faced by companies in adopting social networking

2.3.1 Virtual/online communities

The virtual community as a basic business model has become increasingly important for businesses in the recent years as the Internet becomes more pervasive in the new global economy through realising and maximising CRM opportunities presented by the emergence of social networking (Komito, 2011). Through virtual communities which are related to social networking, companies are enabled to take full advantage of potential traditional CRM toward a new CRM era (Choudhurya and Harrigan, 2014). Since virtual communities play a vital role in supporting an organisational strategy and competitive advantage, an understanding of them can provide valuable information for Social CRM (Harrigan, and Miles, 2014).

Virtual communities have become increasingly pervasive and are important part of modern society which contribute to life in many contexts – social, economic, educational and business (Chiu, Hsu, & Wang, 2006). As the communication technologies and infrastructures used to support virtual communities have evolved with the Internet, virtual

communities are built on social network structures (Linhares de Souza et al., 2012). The term ‘virtual community’ was coined by Rheingold (1995, p.5) as “*a social aggregation that emerge from the Net when enough people carry on those public discussions long enough, with sufficient human feeling, to form webs of personal relationships in the cyberspace*”. Typically, virtual communities draw their name from communities that are commonly defined as a group of persons deriving their nature from a common location, shared cultural, interest, profession or a common existential awareness (Kovatcheva & Kommers, 2004; Wenger, 2000). Virtual communities are commonly referred to by the term ‘online communities’ or ‘web-based communities’, and organised by shared interests representing a long-term shift to communities that are founded on their shared location (Wellman, 1998).

As indicated by Jin, Wen, and Gough (2010), a virtual community mostly uses an electronic form of communication and therefore tends to be more socially-driven. This implies that the ubiquity of the Internet allows for interaction between experts from different areas of the globe through online social networking (Hossain & Aydin, 2007). In this sense, expert-to-expert interaction enables communities to disseminate information more quickly and effectively, and hence allows for expanding a community’s diversity and versatility. This interaction fosters an increase in social skills, and thus observations and practices that are common in specific parts of the globe may become accessible worldwide when the communities become part of the virtual realm (Hossain & Aydin, 2007). Lee and Valderrama (2003) state that these communities exist in a viral way in all organisations but most organisations do not acknowledge their presence.

This definition of virtual communities has been extended by Hagel and Armstrong (1997) to align with the organisational context. According to these authors, virtual communities are “*groups of people with common interests and needs who come together online*” (Hagel & Armstrong, 1997, p.143). These people groups are drawn by the opportunity to share a sense of community with like-minded strangers regardless of where they live; therefore,

virtual communities are considered more than just a social phenomenon (Hagel & Armstrong, 1997; Kollock, 1999). In other words, the essence of a virtual community is about offering the opportunity for people worldwide to collaborate and exchange experiences in their domain areas. When virtual community is formed, all participants are potential builders of knowledge and can participate actively in the process, leading to collaboration and cooperation in all participants' relationships (Cruz-Cunha, Gonçalves, Lopes, Miranda, & Putnik, 2012). In the organisational context, Armstrong and Hagel (1996, pp. 35-36) also categorise virtual communities into four types based on customer' needs as follows: “ (i) *communities of transaction—primarily facilitating the buying and selling of products and services and delivering information related to those transactions*, (ii) *communities of interest—bringing together participants who interact extensively with one another on specific topics*, (iii) *communities of fantasy—allowing members to create new environments, personalities or stories*, and (iv) *communities of relationships—forming around individual experiences that are often very intense and can lead to the formation of deep personal connections*.” As online communities are able to satisfy consumer needs through interests, relationship building, transactions and fantasies, traditional business functions such as marketing and sales tend to be significantly transformed in a community environment (Armstrong & Hagel, 1996).

In companies, the emergence of social networking Internet applications have given new impetus to the discussion of virtual communities (Komito, 2011). Social networking sites on the Internet (e.g. Facebook, MySpace, Twitter, YouTube and LinkedIn), which have evolved to become virtual communities where people communicate, share information, and perhaps most important, build and maintain ongoing relationships because their applications provide members/customers with a platform to share experiences with their virtual communities. Culnan, McHugh, and Zubillaga (2010) indicates that such platforms have the potential to provide additional value activities such as distributing content or driving sales and services which enable the formation of online/virtual customer communities. As a result, it has established a new meaningful relationship with existing

customers and prospects, leading to the creation of trust-based relationships and brand loyalty engagement with community members (Linhares et al.,2012).

According to Gupta and Kim (2004), the benefits of virtual communities through the use of social networking can be viewed in line with business and marketing perspectives. From business perspective, virtual communities enable companies to establish a leading brand, raise interest among customers in available products and services, help them benefit from word-of-mouth advertising and allow them to develop a more responsive CRM strategy (Culnan et al., 2010; Gupta & Kim, 2004; Hagel & Armstrong, 1997; Muniz & O’Guinn, 2001). Meanwhile, from marketing perspective, virtual communities can enable companies to offer effective and better services. Marketers can also understand each member-customer as an individual and provide all related services at a single point, and makes virtual communities a new marketing channel for consumers (McAlexander, Schouten, & Koenig, 2002). Furthermore, virtual communities can extend customer relationships in terms of forming deep customer relationships which leads to effective relationship marketing (Gupta & Kim, 2004). However, to achieve customized one-to-one marketing, a clear understanding of the needs of each individual customer is essential. This requires repeated long-term interaction with the customer. Through a repeated interaction it is also possible to develop differentiation among customers, which is a key requirement of CRM (Bagozzi & Dholakia, 2002).

2.3.2 Social networking and Web 2.0

In order to understand the concept and idea of Social CRM, it is essential to be aware of the associated ideas and practices of social networking/media and Web 2.0 technology which are highly important aspects of Social CRM.

In the early stages of this phenomenon, terminology varied widely with the interchangeable use of “social media” or “social networking sites” or even simply, “social networks” to

refer the concept of technology underpinning Social CRM. This research attempted to stabilize the discussion by using the terms “social media” and “social networking” interchangeably. Social media is defined as “*a group of Internet-based applications that build on the ideological and technological foundations of Web 2.0, and that allow the creation and exchange of user-generated content*” (Kaplan and Haenlein, 2010, p.61). Meanwhile, social networking is defined by Haythornthwaite (1996) as a network of people tied together by a common interest. The definition is extended by Turban and Volonino (2010, p.298) who define social networking as “*a social structure made of nodes that are usually individuals or small groups which are connected through various social familiarity ranging from casual acquaintance to close familial bonds*”. Social networking provides the basis for community driven content, and therefore it is perceived as the convergence of technologies that make it possible for individuals to easily communicate, share information and form new communities online. Academics describe the role of social networking in relation to the use of web tools, platforms and social networking sites that foster interactive communication and collaborative work through Web 2.0 technology (Mangold & Faulds, 2009).

The term Web 2.0 is firstly coined by O'Reilly (2005), and is summarised by Greco and White (2009, p.3) as “*the business revolution in the computer industry caused by the move to the Internet as a platform and an attempt to understand the rules for success on that new platform*”. As indicated by (Kloos, 2006), Web 2.0 is the term widely used to describe the new trend in the World Wide Web moving from ‘push’ to ‘interactive’ technologies: from publisher to user generated contents; from bookmark to online collections; from category-based information storage retrieval by individuals to tag-based information storage retrieval by the community; and from information consumption to information creation and active participation by users.

On this basis, Web 2.0 technology is considered as the second generation of Web-based platforms/communities and hosted services such as social networking sites (e.g. Wikis,

Blogs, Facebook, MySpace, LinkedIn and Twitter) designed to facilitate online collaboration, creativity, connectivity and user-generate content sharing (Mohan, Upadhyaya, & Choi, 2010; Zyl, 2009). Web 2.0 encompasses the ways in which the internet has become a platform for distributing vast quantities of data and empowered people and companies to transform data by ‘mashing it up’ (combining it with other data so it becomes useful in new ways) (Mohan et al., 2010). Social networking sites (or social web) are described by Boyd and Ellison (2007, p.211) as “*web-based services that allow individuals to: (i) construct a public or semi-public profile within a bounded system; (ii) articulate a list of other users with whom they share a connection; and (iii) view and traverse their list of connections and those made by others within the system*”. It provides capabilities to engage in social networking and maintain social relationships in addition to physical interactions. Due to it being highly interactive technology focusing on human interaction, collaboration and connectivity, Web 2.0 helps facilitate social networking across borders (Hennig-Thurau et al., 2010; Sarner, 2009; Winterberg, 2010).

The next section provides the detailed information on the use of social networking and Web 2.0 technologies by companies in order to get a more comprehensive understanding of how companies manage their online customer communities.

2.3.3 Social networking, Web 2.0 and companies

For many companies, social networking is considered as “*a system that contains objects such as people, groups and other organisations linked together by arrange of relationships*” (Askool & Nakata, 2011, p.4). Research suggests that the effects and opportunities of social networking in organisations have mostly been evident in Web 2.0 technology through social networking sites (Ganley & Lampe, 2009; Wijaya, Spruit, Scheper, & Versendaal, 2011). This Web 2.0 technology provides a virtual community for people being interested in a particular subject, in which members can create their own profile with biographical data, pictures, likes, dislikes and any other information that related to them. However, academics (Askool & Nakata, 2011; Zyl, 2009) indicate that Web 2.0 is

more than just creating friendships with others, because it can be used as a viral marketing tool, where people are encouraged to voluntarily pass marketing messages on through word-of-mouth. Also, Web 2.0 technologies have enabled customers to have access to large amount of information and variety of choices, in ways, scales, and quantities never possible before (Constantindes and Fountain, 2008). It is an important part of business which transforms not only consumer behaviours, but also business communication patterns, and therefore is considered as a way for companies to extend their customers. Recent research conducted by Culnan et al. (2010) found that in 2009 approximately 64 per cent of 1700 companies worldwide were using social networking sites for internal communications.

According to Culnan et al. (2010), for example, in their study of Fortune 500 companies in the U.S., found that Twitter, Facebook, Blogging and Client-hosted forums are the four most frequently used social networking platforms. According to this study's finding, Twitter was the most frequently used platforms in all industry sectors, except in the retailing sector where Facebook predominated; meanwhile, Twitter and Facebook were tied among financial services companies, whereas IT companies were early adopters of blogs and a leader in the use of client-hosted forums. The importance of the ubiquitous nature of social networking sites for both for-profit and non-profit businesses of all sizes has also been highlighted by Wittkuhn, Lehmkuhl, Küpper, and Jung (2015) who indicate that companies wishing to remain competitive need to understand, the value of social networking sites and utilise it in a way to build their brands, promote products/services and engage with stakeholders.

Moreover, as indicated by Chugh (2012), social networking offers businesses new avenues for enhancing sales and marketing as well as creating trust in customers. It also helps to find new business opportunities and share knowledge, advices and expertise. To be more specific, Wang (2009) asserts that social networking has the capability of enabling companies to manage unstructured tacit knowledge and bolster business collaboration. A social network profile model (also referred to profile features) enabling companies to

classify individuals based on the interactive activities in which they participate, has also been proposed by some researchers (Bugshan, 2015; Li & Bernhoff, 2008; Nair, 2009). This profile allows companies to better understand how social technologies are being adopted by any group of people, which can help them examine and create targeted strategies based on the tendencies of an individual's interactivity (Poushter, 2016).

From an organisational perspective, Web 2.0 technology is essentially different from the traditional Web in that its content is user-generated requiring more collaboration amongst Internet users (Bugshan, 2015; Zyl, 2009). This implies that, whilst traditional Web is used by a company to broadcast its ready marketing communications or to provide its information of products and services in one direction, Web 2.0 offers an opportunity to open up two-way conversation that allows for the community of users (or customers of the company) to exchange ideas and experience, as well as to share solutions for technical problems (Bright, Kleiser, & Grau, 2015; Bugshan, 2015; McAfee, 2006). Customers can exchange information with each other, allowing them to get the desired information from the customer's point of view and which is not filtered by the business (Lee, Dewester, & Park, 2008). Furthermore, by allowing knowledge to be searched and shared, Web 2.0 can assist companies to create an online resource containing the accumulated wisdom of the company leading to the new source of consumer influence and empowerment (O'Reilly, 2005; Zyl, 2009). However, as noted by Culnan et al. (2010), the value of customer comes not only from the platform itself, but also from how that platform is used. According to these authors, Web 2.0 has the ability to form 'online customer communities' or 'virtual customer environments' (VCEs), and a company will potentially gain value from VCEs, when customers engage with it on a regular basis such as co-creating contents and sharing power. If these relationships are successful, VCEs can create value in terms of supporting brand building, sales, products and services development, and become resistant to negative information about the company (Culnan et al., 2010).

Despite recent research conducted by Kim, Lee, and Lee (2011) found that in 2011 Web 2.0 is now widely used by large companies in U.S to establish networks with business partners, consumers and employees and to promote long-term relationships with consumers, the rate of Web 2.0 adoptions by SMEs is still much lower than that of large companies which most of have not fully utilized these tools. This research suggests that SMEs must proactively embrace Web 2.0 technologies and redesign their core business processes in order to maximize their values due to the current technological advances and the pace of environmental change. However, Kim et al. (2011) asserts that for SMEs, the competitive advantages of Web 2.0 adoption derive from a balanced combination of suitable web technologies and best management practices. Therefore, as Web 2.0 is becoming a strategic necessity, companies that do not utilise it will be at a critical strategic disadvantage.

As discussed in Section 2.2.4, many companies have recognised the need to integrate social networking and Web 2.0 technologies into traditional CRM. The next section will present the association between social networking, Web 2.0 and CRM and how companies leverage their social networking presence effectively in CRM.

2.3.4 Association between social networking, Web 2.0 and CRM

Research suggests that Web 2.0 technology, through its social feature and functionality, have come to add a new dimension in traditional CRM systems which spread light on the way customers are related (Baur, Henne, & Bick, 2016; Mohan et al., 2010). With the emergence of social networking using Web 2.0 technology, companies start realising the fact that the transaction is now controlled by customers and customer relations are improved by allowing customers to directly access to information (Zyl, 2009). Customers are now turning more frequently to social networking to manage their information searches and to make their purchasing decisions.

Lindman (2004), however, stating that CRM in SMEs is rarely formally addressed and tends to be driven by the experience of the business owner. This statement is supported by

the research conducted by Dyerson, Harindranath, and Barnes (2009) showing that the use of IT in CRM by SMEs often emphasis on the more superficial levels of communication by ignoring the opportunities for more strategic uses such as facilitating interaction with customers, collection of customer information and building dynamic websites. Constantinides (2004) argues that a well-designed and usable website as a platform for SMEs will actively support Web 2.0 applications and crowd sourcing activities—not only as the company interface to the online market. This has consequences in terms of implementing customer-orientated technologies such as social networking sites and Web 2.0 applications (Baur et al., 2016). The perception of such technologies, are often a cost issue where SMEs has to perceive benefits, understand the business value and see a viable return for their investment before deciding to adopt (Wielicki & Arendt, 2010; Zyl, 2009). To recognise and gain the full potential benefits from the use of social networking in CRM, companies (especially SMEs) need to be able to understand the strategies required to interact with customers in such a way as to create business value (Harrigan and Miles, 2014).

In addition, research suggests that in order to react effectively to this changing environment, the organisations need to turn this networking trend for their own benefits, by giving the opportunity to listen to the customer to get information that can be used to further develop their products or services to better address that customer's needs (Acker et al., 2011; Woodcock, Green, & Starkey, 2011b). Web 2.0 therefore has become the basis of an integration strategy towards databases unification to successfully deliver customer sales and purchasing histories. This is particularly important when the maturity stage is reached, and consequently the organisation needs to adapt their traditional CRM critically to meet the evolving demands (Greenberg, 2009a). Social networking and Web2.0 have opened new opportunities for CRM, communication, and collaboration for all companies(Bright et al., 2015; Bugshan, 2015; Poushter, 2016).The adoption of such technologies are less complicated and less costly due to its wide diffusion and technological advances. All suggest that in the new CRM era, CRM needs to be related to social networking and Web 2.0 technology where the interactivity has introduced in businesses the new term 'customer

advocacy’, measuring not only loyalty but also the attitude of the customer towards the organisation (IBM, 2006; Lim, Saldana, & Saldana, 2011).

The next section will look into what are the challenges faced by company with regard to the uptake of social networking and Web 2.0 technologies.

2.3.5 Challenges faced by company in adopting social networking and Web 2.0

Integrating social networking and Web 2.0 technology into traditional CRM is not without challenges. Although social networking has been credited with the ability to expand social contacts and improve customer relations, it has gained the reputation of negatively effecting staff productivity, with many companies fearing damage to productivity and reputation (Zyl, 2009). For example, as reported by the Australian Communications and Media Authority (ACMA, 2010) during 2010, 35 per cent of SMEs in Australia allowed their employees to access social networking sites (SNSs) at work. This may negatively affect the productivity of employees, because they may spend too much time networking and posting entries on blogs/wikis and may utilise them for more social purposes and not on work related postings (Bugshan, 2015). In regard to user’s perspectives, research conducted by ACMA (2012) in June 2012 found that many Australians lack trust and confidence in with the Internet, when it comes to fraud, misuse of personal information and the level of accuracy of information. Moreover, Web 2.0 promotes low quality user-generated content, threatens intellectual property rights, and confuses people by blurring the boundaries between original content and advertising (Kim et al., 2011). This statement is supported by the research conducted by Priedhorsky et al. (2007) in the U.S. stating that the potential for low quality information in online settings is always a concern, particularly for people who want to communicate and share information. As a result, a lack of confidence in the online environment in these areas may pose a barrier to further development of the customer

relationship. Companies should thus seek to validate information available in public sources before making significant investments based on such information.

Another reason why most companies (especially SMEs) have not intensively engaged in social networking, may be because they consider themselves to be an integral part of the lower competitive market (Fux, Mathieu, & Myrach, 2007). Other barriers to entering cooperative and competitive initiatives also include cultural factors, technical knowledge, the need for senior management support, training considerations, and deficient resources such as financial, time and staff (Jekimovics, Wickham, & Danzinger, 2013; Vallath & Roberts, 2014; Zyl, 2009). In Australia, as reported by the AMCA (2010, 2012) and Pallegedara and Warren (2014), many Australian companies have some concerns about the introduction of social networking and Web 2.0 technology to their business operation, particularly those relating to security, skills and cost related issues. Given that every business has its own system for managing customer data, integrating social network applicants within its existing CRM system will require IT expertise and financial resources. Besides organisational and technological impediments of social networking acceptance, a lack of commitment to cooperation which may be due to the absence of strategic long-term goals, can be another reason why many companies are reluctant to utilise benefits from online participation (Pechlaner & Raich, 2001). In Australia, the research conducted by Sensis (2012); (Sensis, 2015, 2016) found that despite an investment in social media, a quarter of small businesses have no strategy to drive traffic to their SNSs. The most popular method across all business sizes was to put links to social media on the company's website. Moreover, most of Australian companies are unaware of a sizeable proportion of business investing in their social media, and lack of measurement in return on their investment. As a result, social media typically attracts less than 5 per cent of a company's total marketing budget (Sensis, 2012). Obviously, all of these challenges are not merely confined to the technical specification, but they also involve the organisational and social structures, resulting in transformations in both areas (Küpper et al., 2015a).

In summary, there has been an increasing awareness that social networking and Web 2.0 technologies play an important role within the current business context of traditional CRM, especially in terms of improving the customer experience, enhancing brand value and achieving superior customer engagement. The next section will discuss the literature on Social CRM which is the main focus of this research.

2.4 Social customer relationship management (Social CRM)

In order to achieve a holistic review in all major issues concerning Social CRM, a set of the following topics will be described and discussed in this section.

- Definition of Social CRM
- Differences between Social CRM and traditional CRM
- Current technologies and systems employed in Social CRM
- Current approaches, practices and processes of Social CRM
- Benefits and drawbacks of Social CRM
- Challenges of Social CRM
- Critical points of Social CRM

2.4.1 Social CRM definition

Research suggests that Social CRM combines two key concepts: ‘*social media*’ (also called social networking or Web 2.0), and ‘*traditional CRM*’ (Askool & Nakata, 2011; Greenberg, 2009a; Mohan, Choi, & Min, 2008). Social media refers to technologies used in the social web for social interaction such as blogs, wikis, sharing platform, and so on. Traditional CRM refers to a business strategy for developing, managing and maintaining long term profitable customer relationship. Such a strategy involves using technology to organise, automate, and synchronise business processes to manage the customer relationship effectively in terms of customer service, marketing, and sales activities. Traditional CRM is emphasised on an internal operation approach which focuses on operation and sales in customer relationship process using one-to-one marketing and traditional media. It uses

only customer specific information that customer gives or what an organisation already has (Evans & McKee, 2010)

Social CRM has been defined in a variety of ways in the literature. For example, Faase et al. (2011, p.9) define Social CRM as “*a CRM strategy that uses Web 2.0 services to create engagement between the customer and the firm, which results in mutually beneficial value*”. Woodcock et al. (2011b, p.52) describe Social CRM as “*the business strategy of engaging customers through social media with goal of building trust and brand loyalty*”. Askool and Nakata (2011, p.28) define Social CRM as “*a new strategy and systems that integrates Web 2.0 and the power of online communities with traditional CRM systems for encouraging the customers to play a part with a firm in making decisions that have an impact on a particular customer and creating meaningful conversation and high value relationships between companies and customers*”. While there is no one clear-cut definition of Social CRM, A number of academics and practitioners point to the work of Greenberg (2009a, p.34) as the first attempt to coin the term Social CRM (Durgam, 2011; Hart & Kassem, 2012; Zlateva, Zabunov, & Velez, 2011). Greenberg (2009a, p.34) defines Social CRM as:

“a philosophy & a business strategy, supported by a technology platform, business rules, processes and social characteristics, designed to engage the customer in a collaborative conversation in order to provide mutually beneficial value in a trusted & transparent business environment. It's the company's response to the customer's ownership of the conversation.”

Table 2.1 summarises the definition of Social CRM by classifying into three main perspectives:

- ***A customer-oriented perspective*** involves a set of values that have to be considered above all kinds of strategies and technologies. This is mainly related to a higher degree of a customer-oriented culture and knowledge, transparency, collaboration and engagement through the use of social networking application.

- A *strategic perspective* relates to an organisational strategy that focuses on overarching strategic approach for governance which includes overall functional plans, actions and guidelines, combining the power of online communities with existing CRM system to increase the engagement and involvement of customers.
- *Technological perspective* focuses on the role of IT applications that can be leveraged on the structured processes of existing CRM to engage relationships with customers.

Table 2.1: Different Perspectives of Social CRM

Author	Definition
<i>Customer-oriented perspective</i>	
Greenberg (2009a, p.34)	“...a philosophy & a business strategy, supported by a technology platform, business rules, processes and social characteristics, designed to engage the customer in a collaborative conversation in order to provide mutually beneficial value in a trusted & transparent business environment. It's the company's response to the customer's ownership of the conversation”.
Enrico (2007, p.1)	“...an interactive exchange that businesses and customers can engage into, matching customer needs, requirements and expectations with the business that can best fulfill them. More than just a one-time action, this matching relationship could be extended over time, even years, and be a multi-phase, multi-channel interaction for more involved purchasing relationships”.
Alt and Reinhold (2012, p.291)	“...a promising concept which has the potential to shift classical ‘one –to-many’ customer communication towards an individualised ‘one-to-one’ interaction with many customers. Company may extract knowledge form ‘the customer’s voice’ in the Social Web and use this to trailer campaigns, mailings, or postings to target groups’.
<i>Strategic perspective</i>	
Askool and Nakata (2011, p.28)	“...a new strategy and systems that integrates Web 2.0 and the power of online communities with traditional CRM systems for encouraging the customers to play a part with a firm in making decisions that have an impact on a particular customer and

	creating meaningful conversation and high value relationships between firms and customers”.
Faase et al. (2011, p.11)	“... about creating a two-way interaction between the customer and the firm. It is a CRM strategy that uses Web 2.0 services to encourage active customer engagement and involvement”.
Sarner et al., (2010, p.4.)	“...a business strategy that mutually benefits online communities and the business by fostering engagement while generating opportunities for sales, marketing, and customer service, , while also benefiting cloud-based communities”.
Kotadia (2010, p.1)	“...the business strategy of engaging customers through social media with goal of building trust and brand loyalty”.
<i>Technological perspective</i>	
Fauscette (2009, p.1)	“... the tools and processes that encourage better, more effective customer interaction and leverage the collective intelligence of the broader customer community with the intended result of increasing intimacy between an organisation and its prospects and customers. The goal is to make the relationship with the customer more intimate and tied to the company by building a public ecosystem to better understand what they want and how they interact with the various company touch points like sales, customer service etc. This is done in a way that empowers the customer, makes the interaction more of a Web 2.0 experience and allows the customer to interact when, how and where they choose. The tools themselves are user driven, collaborative and social in design, promote interaction and focus on user driven innovation. They may include linkages to public social networking environments as well as private company owned systems.”
Mohan et al., (2008, p.241)	“...easy-to-use standalone applications that can be leveraged on the structured processes of existing CRM to help end-users better leverage social networks, internal and external data and news feeds, and existing sales and marketing content”.

Despite this a variety of definitions, there is consensus in the literature that Social CRM is not just a set of technologies for managing customer data; rather, it is a ‘business strategy’ for creating customer engagement and building stronger customer relationships (Askool & Nakata, 2011; Faase et al., 2011; Greenberg, 2010; Woodcock, Broomfi, Downer, &

Starkey, 2011a; Woodcock et al., 2011b). Customer engagement, as indicated by Faase et al. (2011), is about offering new points-of-contacts or monitoring existing ones through which customers are encouraged to be involved. Social CRM therefore focuses more on human interaction and conversations, enabled through technology platforms, providing customer experience (e.g. offering new points-of-contacts or monitoring existing ones through which customers are encouraged to be involved). Given that conversations between customers and business organisation are at the heart of Social CRM (Leary, 2008), the primary task of Social CRM is to bridge the gap between social networking and the customer-oriented service systems of a business organisation (Rappaport, 2010; Sarner, 2009). Also, Rodriguez, Ajjan, and Peterson (2014) assert that traditional and Social CRM should be integrated into both marketing and sales strategies in order gain a deeper understanding of customers.

2.4.2 Differences between Social CRM and traditional CRM

The differences between Social CRM and traditional CRM can exist in terms of principle, objectives and organisational strategies. In the light of the underlying principle, whilst traditional CRM is aimed at customer management, Social CRM is aimed at customer engagement (Baird and Parasnis, 2011). According to Greenberg (2009a, p.35), *“traditional CRM is based on an internal operational approach to manage customer relationships effectively, but Social CRM is based on the ability of a company to meet the personal agendas of their customers while at the same time meeting the objectives of their own business plan”*. This means that in Social CRM a company no more manages the relationship with the customer, it only enables customers to collaborate with the company (Greenberg, 2010).

Acker, et al. (2011) assert that Social CRM differs from traditional CRM in that the former focuses on the conversation and the interaction with the customer, while the latter emphasises automation and software. With Social CRM, as argued by Greenberg (2009a), the company-customer relationship returns to its origin and take a more human form. This

is because traditional CRM, by emphasising the operations and sales in the customer relationship process through marketing and traditional media, uses only the customer specific information that the customer gives or what a company already has, including purchase and records (Evans & McKee 2010). In contrast to traditional CRM, Social CRM focuses on a collaborative process by facilitating customer-driven innovations internally as well as externally using conversations held by the customers themselves (Evans & McKee 2010). Such a process uses the information from the social web, converts it through social analytics into customer knowledge, and uses it in developing business processes. In this way, the information is tied together with the business processes, enabling the social web to do part of the job (Evans & McKee 2010).

2.4.2.1 Key differences between traditional and social CRM in relation to objectives

The differences between Social CRM and traditional CRM can also be observed on the basis of primary objectives. From an IT perspective, the primary objectives of Social CRM are to export and to extract customer knowledge from the social web application (Alt & Reinhold, 2012). Alt and Reinhold (2012) suggest that Social CRM is more likely to be related to five task areas which are considered as the components of integrated Social CRM architecture. These include: ‘social media’ (establishing of social web application presence, networking with customers and prospects); ‘analysis’ (monitoring and evaluating customer’s information to identify of relevant content and conversation on the social web); ‘management’ (linking a strategic and operational management of social media channels and activities, integrating between the existing processes, and delivering IT capabilities directly to the needs and goals of the business); ‘CRM’ (providing functionalities for CRM processes, planning, execution and control); and ‘intergration’ (creating external communication and supporting a dialog implementation on the social web).

From a marketing perspective, the primary objectives of Social CRM are to build ‘*trust*’ and to establish customer ‘*loyalty*’ (Acker et al., 2011; Greenberg, 2009a; Stone, 2009;

Woodcock et al., 2011b). These objectives are similar to those of traditional CRM, but a key difference is that while traditional CRM involves careful customer segmentation based on a macro, micro or one-to-one level depending on their existing and potential profitability (Knox et al., 2003; Payne & Frow, 2006), Social CRM focuses on a whole environments and experiences that engage customers. This means that Social CRM is more related to people and conversations than traditional CRM (Leary, 2008). Whilst traditional CRM works to incorporate a single view of the customer where companies controlled interaction with the customer across channels such as phone, email, fax, chats and call centres, Social CRM has added more layers and complexity to this interaction. Specifically, in Social CRM, the customer is no longer directly interacting with the company in a controlled manner through the channels dictated by the company, but rather is expressing himself/herself on public forums through social network sites, photo/video sites and product/service review sites.

Given that social networking provides an opportunity for marketers to become ‘personal’, to interact with thousands of customers spread across geography on a one-to-one basis, the marketers and customers get to know each other well enough to trust each other (Kotadia, 2010; Woodcock et al., 2011a). This allows business organisations to know their customers well, leading to the essence of trust-based relationship (Woodcock et al., 2011a). Greenberg (2009a, p.35) asserts that in Social CRM era *“the customer is not just becoming the central repository for value, but wants to participate in value creation with business”*. By using social networking, organisations can develop relevant collaborative conversations with existing and prospective customers, and therefore mutually beneficial outcome in terms of trust and loyalty can be expected. Therefore, Social CRM enables business organisations to better access the specific customer data and tools that allow more effectiveness in identifying, interacting and engaging with customers (Woodcock et al., 2011b). This can lead to advocacy and continuous communication improvement as customers start to take ownership of the relationship. Consequently, collaboration will be cultivated and supported by all members of customers’ ecosystem. When the company

belongs to customers' ecosystem, customers are not seen as a target, but rather as a source of all company actions. By observing the conversations and engaging in customers' activities and discussions, more relevant data can be collected to support business processes (Kuepper et al., 2015). On this basis, Social CRM can be viewed as a business strategy that acts to build trust and loyalty through engaging interactively with customers (Greenberg, 2009a; Woodcock et al., 2011b).

2.4.2.2 Key differences between traditional and social CRM in relation to strategies

Turning now to organisational strategies, the key to Social CRM strategy, as pointed out by Acker et al. (2011), lies in extending traditional CRM strategies to an organisation's entire extended social network, which is a dynamic and evolving organism encompassing its customers and suppliers. Given that an effective Social CRM strategy needs to be able to identify social networking users (whether they are customers or not), understanding web users' social behaviour is therefore essential at the first stage (Ang, 2011b). However, identifying social web users is not always simple, because they may not necessarily be a customer or they may not want to be (Amirkhani, Salehahmadi, Kheiri, & Hajjaliasgari, 2011). Therefore, it is important for social networking data and tools to be integrated into traditional CRM systems in order to allow an organisation to understand its customer behaviour, which would lead to an effective deployment of CRM system in terms of strategic, operational and analytics modules.

Mosadegh and Behboudi (2011) suggest that ideally companies should treat social networking as a new channel within traditional CRM when developing Social CRM strategies. According to Ang (2011b), a company that attempts to develop Social CRM strategies will need to recognise what classification of social media activities it should adopt to set itself besides competition and how this configuration of activities differs from existing CRM activities. This recognition would allow organisations to extend and enhance the capabilities of traditional CRM with new meaningful ways of engaging customers.

Greenberg (2009b) indicates that Social CRM strategies need to be supported by the associated technologies, systems, processes and tools (Greenberg, 2009b). With the successful support of these elements, an effective Social CRM strategy will result in a mutually derived benefit characterised by a fundamental shift in the relationship between the organisation and the customer from producer-client to partners (Greenberg, 2009b).

2.4.3 Current technologies employed in Social CRM

Recent research indicates that social networking and Web 2.0 technology are currently being employed in Social CRM (Askool & Nakata, 2011; Baur et al., 2016; Cappuccio, Kulkarni, Sohail, Haider, & Wang, 2012; Diffley & McCole, 2015; Faase et al., 2011; Hosseinianzadeh, 2015; Kuepper et al., 2015; Marolt et al., 2015; Yoon & Jeanetta, 2014). Such technologies include social media and social networks such as Facebook, Twitter, LinkedIn, Google+, YouTube, Flickr, Tumblr, Instagram to name a few. All of these two-way, interactive channels are highly disruptive for the management of relationships with customers, and have led to the coining of the term ‘Social CRM’ (Yoon & Jeanetta, 2014). Obviously, because customers are participating in social networks, creating and sharing content, communicating and building relationships with each other (doing online research for products or services to get advice from people they trust) (Rajpurohit & Surana, 2014; Rodriguez, Ajjan, & Peterson, 2014), companies have recognised the need to integrate social networking sites (SNSs) into their existing CRM initiatives/strategies in order to build long-term meaningful relationships with ‘social customers’ (Diffley & McCole, 2015; Trainor et al., 2014; Yoon & Jeanetta, 2014).

Research suggests that Web 2.0 currently plays a significant part in the Social CRM transition (Baur et al., 2016). Given that much of the technology underling Web 2.0 is technology made freely available in one incarnation or another to anyone who wants it, it stimulates fundamental changes in consumer behaviour (Rajpurohit & Surana, 2014). The examples of Web 2.0 applications include Blogs, Wikis, Really Simple Syndication, Instant Messaging, Social Bookmarking/Tagging Delicious and Podcast. According to Wittkuhn et

al. (2015), Social CRM is using Web 2.0 to collaborate on both operational and social aspects of interaction. In this sense, Web 2.0 has been developed as open source, meaning that there is a community of developers who have been given easy access to the source code. These developers, in return, develop features and new applications based on collaboration with other developers or the providers of the source code (Zahra & Nasution, 2015). It is obvious that Web 2.0 facilitates peer-to-peer collaboration and easy access to real-time communication. It encourages many-to-many participation among internal users, customers and other external parties in order to provide support for customer services, sales and marketing processes (Baur et al., 2016; Sarner, Thompson, Dunne, & Davies, 2010).

Mohan et al. (2008) propose a conceptual model for Social CRM system by integrating Web 2.0 technology and its features into the existing CRM system, and demonstrate how companies can get benefits through scenarios of how sales or marketing people can control and use the best potential of the new system. In 2014-2016, some academics further investigate the technology associated with Social CRM, with a more focus on the collaborative platform of the Social CRM system (Baur et al., 2016; Yoon & Jeanetta, 2014; Zahra & Nasution, 2015). Their research indicates that integrating outside information sources and leveraging web technologies of collaboration and community (such as social networking application) are the key element of Social CRM application development. This supported the previous research conducted by Mohan et al. (2010, p.11) explicitly state that *“the technology that can be used for exchanging the data between CRM and social networking applications is Mash-up technology and it can be used to expose the aggregation of enterprise data sources to Mash- up client frameworks thus an enabling technology for Web 2.0 style applications in the enterprise”*.

Some academics assert that whilst technology is recognised as critical to CRM implementation, problems can arise when the technology focus is predominant over the marketing focus (Bohling et al., 2006; Cooper, Gwin, & Wakefield, 2008; Reinart, Krafft, & Hoyer, 2004). Given that customer communication and customer information are the two

key areas where technology can enable CRM, neither sophisticated technologies nor complex analyses are essentially required for effective CRM implementation (Harrigan & Choudhury, 2012). A traditional CRM implementation requires any technologies (regardless of how simple or complex they are) to help facilitate the underlying marketing and customer-related strategies with the aim of building customer insight, then using that to tailor communications to customers and eventually enhancing a customer lifetime value (Harrigan & Choudhury, 2012). Therefore, this is consistent with ideas of Social CRM that the technologies alone cannot change the organisation or marketing performance. Although there are a number of social media and Web 2.0 tools that encourage companies to increase interest in, and use for, making relationships with their customers, the strategic communication with customers associated with Social CRM needs to be clear (Harrigan & Choudhury, 2012).

Mohan et al. (2010, p.10) assert that “changing from a traditional to a Social CRM system enables organisations to convert the content (information) into conversations, to extend the conversation into collaborative experiences and later to transform these experiences into meaningful relationships”. According to Leary (2008) and Woodcock et al. (2011b), Social CRM is an extension of CRM (not a replacement); it adds more value by augmenting and improving traditional CRM communications. Research suggests that Social CRM, by integrating social networking with traditional CRM, can directly impact the organisation in the areas of marketing, sales and customer services – all of these three areas are traditionally perceived as the most customer-facing functions of companies adopting a CRM solution (Mosadegh & Behboudi, 2011).

With regards to marketing, research suggests that Web 2.0 technology offers a multimedia approach to marketing in a cost effective and interactive way, which enables companies to reduce costs of customer services and thus increase their revenues (Baird & Parasnis, 2011; Woodcock et al., 2011b). Integrating Web 2.0 with CRM – Social CRM – provides the opportunity for organisations to gain access to new niches and to new target groups. In a

similar vein, sales can be affected by the interactive power of Web 2.0 technology in terms of multiple ways of interaction with customers for improving sale techniques in order to increase the volume and speed of sales (Wang & Owyang, 2010). In regards to customer services, Social CRM can support companies in terms of cost saving as a result of human resource minimisation. Through web self-service, a company can offer online problem-solving related knowledge bases and online contact centres that enable customers to solve their own problems via the company's web sites or peer to peer support (Despoina, 2008).

In Australia, the Australian government has encouraged efforts to increase the use of ICT in Australian companies, in particular the Internet and online services, and to foster participation in online communities both inside and outside of geographical communities. Thus, many Australian companies already recognise the value of communities and see how different types of communities can help their companies, such as brand communities, support communities or even internal communities (Department of Broadband Communications and the Digital Economy [DBCDE], 2011). On this basis, Social CRM can enable a company to establish its own internal and external social networking communities, and utilise them for capturing new customers, publishing information and creating other opportunities for the company (Mohan et al., 2010). It enables companies to customise their products and services based on customer's perspectives while at the same time it provides the opportunity for companies to engage in peer-to-peer networks (e.g. LinkedIn) that might be useful to bring key-knowledge workers within their customer base. Furthermore, increasing transparency through social networking channels can also lead to an improvement in corporate reputation (Zyl, 2009).

2.4.4 Current approaches, practices and processes of Social CRM

Based on a review of the literature on Social CRM, it appears that there is a general agreement among academics and practitioners that Social CRM is an extension, not a replacement, of traditional CRM (Greenberg, 2009a, Wang & Owyang, 2010). As with the case of traditional CRM, Social CRM includes strategies and technologies and requires

extensive knowledge about the customer and market needs (Greenberg, 2009a). By linking social networking with existing CRM processes, however, Social CRM adds more value by enhancing the relationship aspect of CRM and by building on improving the relationships with more meaningful interactions (Acker et al., 2011; Chess Media Group, 2010; Evans & McKee, 2010; Greenberg, 2009a; Leary, 2008). At the centre of this discussion is the idea that Social CRM is aimed at ‘customer engagement’ rather than ‘customer management’ (Greenberg, 2009a). Also, despite the growing body of research on Social CRM (especially practitioner research), existing guidelines for implementing Social CRM and the verifiable criteria for its success still lack empirical support. Those research efforts were performed in different business contexts and different countries, and there has been very little research conducted in Australia. As recently reported by the Sensis (2016), the uptake of social media by Australian companies has continually increased over the past 5 years with 48 per cent of small and medium companies and 79 per cent of large companies being present on social media. This implies that Australian companies are more likely to formalise their existing business strategies, particularly traditional CRM strategies combined with social technologies, to help companies engage with current and potential customers where they prefer to communicate. The above factors suggest the need for a systematic and statistical examination of the current approaches, practices and processes in relation to technologies underpinning Social CRM.

In spite of having general conceptual similarities, the academic and practitioner literatures seem to have distinct differences in their focus on Social CRM (Yawised, Marshall, & Stockdale, 2013). In academic research, the emphasis (approaches, practices and processes) is placed on the specific issues surrounding the theoretical concept of Social CRM – in particular on specifying the objectives, identifying the key determinants of Social CRM adoption, and determining specific process functionalities and resources required for successful Social CRM implementation (Folorunso, Vincent, Adekoya, & Ogunde, 2010). Much of this scholarly research involves building a framework or model on what others have already discovered. In contrast to academic research, practitioner research, by

focusing more on the development in the field of practice, is concerned with taking actions in order to respond to new challenges and capitalise on new opportunities offered by the emerging Social CRM phenomenon (Folorunso et al., 2010). Step-by-step practices and processes for successfully engaging in Social CRM are often provided in practitioner papers.

Specifically, in academic, Acker et al. (2011), for example, indicate that the key to a successful Social CRM strategy lies in extending traditional CRM strategies to an organisation's entire extended social network, which is a dynamic and evolving organism encompassing its customers and suppliers. Given that an effective Social CRM strategy needs to be able to identify social networking users (whether they are customers or not), understanding web users' social behaviour is therefore essential at the first stage (Ang, 2011b). This means that an effective Social CRM stems from a solid existing CRM foundations, keeping track of events, management of sales and marketing processes (Leary, 2008). Social CRM strategies therefore need to be supported by the associated technologies, systems, processes and tools (Greenberg, 2009b). With the successful support of these elements, an effective Social CRM strategy will result in a mutually derived benefit characterised by a fundamental shift in the relationship between the organisation and the customer from producer-client to partners (Greenberg, 2009b).

A number of academics have proposed a conceptual framework or model of Social CRM system which is drawn from the existing concept of traditional CRM and Web 2.0 technology. As pointed out by Mosadegh and Behboudi (2011), the three most important components of a CRM system that is modified in the Social CRM era include 'analytical CRM', 'operational CRM' and 'collaborative CRM'.

- The *analytical* component is expanded in Social CRM in which new functionalities of social network analysis is provided. It exploits the interaction of social groups and analyses the roles of groups or individuals. Analytical Social CRM comprises three functions: identification (identifying and accessing social networking site

content such as themes, topic link and authors), interpretation (analysing text and data, knowledge extraction and making content of conversation), and information (analysing and generating new CRM data that affect the future activities). These specific functions enable companies to generate information from heterogeneous social networking data by integrating it with the existing data and then transforming it into information through knowledge aggregation, transformation and analysis (Reinhold & Alt, 2011).

- The *operational* component of a Social CRM system is being redefined by the increase of the social component through social marketing (focusing on strategy), social sales (focusing on technology and tools tracking customers), and customer services (focusing on interaction).
- The *collaborative* component extends Social CRM away from traditional ways of communication and reflects on new communication facilities, such as blogs, discussions and comments on social sites (Mosadegh & Behboudi, 2011). This can take the shape of creating an environment for the conversations to take place, be it company or user/community moderated, allowing it to be more of a freewheeling discussion without constant company intervention.

Apart from a conceptual framework, some academics also propose a strategic Social CRM approach for organisation. Baird and Parasnis (2011, p.15) propose a five-step approach for unlocking the potential of social networking to reinvent customer relationships through a Social CRM strategy. First, social networking initiatives need to be aligned effectively with a Social CRM strategy in order to better support the customer holistically. Second, a Centre of Excellence governance model for Social CRM – “*a networked community with representatives from customer-facing functions*” – needs to be built. This involves collaboratively developing a common set of measurements, policies and usage guidelines within the company, and enabling a better shared understanding of the company’s Social CRM strategy. Third, organisational members need to receive training (also mentorship and incentives) on policies, customer communications practices, and processes that are related

to the use of social networking in order to mitigate risks, escalate concerns and thus increase the value proposition of Social CRM strategies. Fourth, internal virtual communities need to be built to support Social CRM. This implies the establishment of communication and collaboration tools within the organisation in order to make it easier for employees to connect and facilitate ideas and knowledge to help break down organisational silos. Finally, it is essential for an organisation to adopt the practice of continually capturing and analysing customer data from social interactions in order to develop viable insights that can help mitigate risks and enhance all aspects of the customer relationships (Baird & Parasnis, 2011). This approach of Baird and Parasnis (2011) has been extended by Woodcock et al. (2011a) who add the sixth step involving the measurement and evaluation. According to Woodcock et al. (2011a), using appropriate measurement and evaluation technologies to interpret and analyse data can help an organisation measure its Social CRM process and activities effectively, and respond to customer needs efficiently.

In comparison with academic research where the logic of the process flows from theory to practice, practitioner research (e.g. consultants reports) often begins to frame out typical Social CRM activities, propose practices and processes of Social CRM implementations and assessments, and provide solutions for the development of Social CRM initiatives (Baird & Parasnis, 2011; Band & Petouhoff, 2010; Chess Media Group, 2010; Deloitte, 2011; Keuky & Clarke, 2011; Navakiran, Gupta, & Bhalla, 2011; Sarner et al., 2010; Sarner et al., 2011; Wang & Owyang, 2010). This means that practitioner research is likely to start discussing Social CRM with a wealth of applicative papers analysing the concrete challenges and opportunities of implementing the systems as well as planning the process that involves the full touch points with customers.

Mangold and Faulds (2009), for instance, indicate that Social CRM comprises three fundamental practices including: firstly, creating a tool for efficiently discovering comments and opinions from people/customers in the marketplace about all issues that is related to the organisation; secondly, establishing a contact channel for two-way interaction

with people/customers in social networking sites; and finally, providing an integration of content from social networking sites with customer-orientated processes and systems.

Wang and Owyang (2010) propose the five foundation processes – Monitoring, Mapping, Management, Middleware and Measurement – for investigating the interaction between companies and their customers in the use of social networking. These processes are called the “5M’s” which are considered as the baseline processes of Social CRM. The monitoring process of 5M’s allows organisations to conduct manual and automated searches for their customer’s profiles through the social networking sites. For this monitoring process to be effective, gathering customer insights (such as data and experience from customer’s conversation) and extracting customer data into usable information, are necessarily required (Acker et al., 2011; Greenberg, 2010). This monitoring process is supported by Greenberg (2010) who proposes five components that organisations need to be considered for gaining customer information, which in turn help them develop the real insights into customers. These include: (i) data that relate to all kinds of customer activities such as purchase histories, returns, time to visit and spend on e-commerce site, marketing respond to campaigns and other enquires; (ii) sentiment analysis to measure emotional temperature of individuals and groups; (iii) social media monitoring which emphasises media monitoring being used for marketing and public relations; (iv) profiles which refer to personal information such as lifestyle, hobbies and topic interests; and (v) customer experience maps which focus on interaction through mapping experience, customers’ individual interest in engaging a relationship with organisations. The quality of interaction depends upon the quality of the existing knowledge utilised and the ability to identify the relevant information of discussions in the social networking sites (Greenberg, 2010).

In the mapping process of the 5M’s, Wang and Owyang (2010) indicate that companies need to identify existing public profiles from social networks such as Facebook and LinkedIn, and then link these profiles to customer records in order to provide a holistic experience. In order to match customer records to social profiles, an additional database

field should be created at the same time (Wang & Owyang, 2010). When customer's interactions and profiles are engaged by companies, the management system will be the next 5M's process to manage customer's information. Some academics (Acker et al., 2011; Mohan et al., 2010) view the management process of the 5M's as the analytical process or 'analytical Social CRM'. Analytical Social CRM is used to address the unstructured data generated in social web content that are not compatible with existing Business Intelligence (BI). Analytical Social CRM, as indicated by Reinhold and Alt (2011), comprises three functions: 'identification' (identifying and accessing social networking site content such as themes, topic link and authors), 'interpretation' (analysing text and data, knowledge extraction and making content of conversation) and 'information' (analysing and generating new CRM data that affect the future activities). These functions enable companies to generate information from heterogeneous social networking data by integrating it with the existing data and then transforming it into information through knowledge aggregation, transformation and analysis (Reinhold & Alt, 2011). For the management process to be successful, the business rules of Social CRM are needed to sort and organise the right information to the right person/teams in the real time (Reinhold & Alt, 2011). This may lead to the relational information processes that directly impact on customer engagement initiatives. (Harrigan & Choudhury, 2012)

The middleware process of the 5M's is considered as a collaborative process (Wang & Owyang, 2010). Given that Social CRM connects to almost customer-facing systems, organisations need to apply technologies to bridge that gap between social networking site applications, users and business software applications in order to seamlessly flow data among disparate systems. Some of these technologies include workflows, data integration, complex event processing, business rules and process management. This means that companies need to create their own business processes repository to map their Social CRM system, and ensure that each unique process for their business rules is defined (Wang & Owyang, 2010).

The measurement process of the 5M's is considered as the basis of compliance and control of collaborated activities (Wang & Owyang, 2010). Companies need to measure each activity based on their business objectives, as well as be able to benchmark, predict and extend each activity based on their business targets (Acker et al., 2011; Wang & Owyang, 2010). As pointed out by Wang and Owyang (2010), business functions, organisational structure and technology template need to be collaborated at the initial stage of Social CRM effort in order to be successful in the measurement process.

2.4.5 Benefits and drawbacks of Social CRM

Whilst the potential benefits of Social CRM may be similar to those of traditional CRM in terms of improving customer loyalty and generating better revenue, there are some differences between them as well. Given that Social CRM combines the features of social media within the CRM implementation, its benefits do not merely come from CRM system itself, but rather from the potential and capabilities of social application (Lehmkuhl & Jung, 2013). Thus, such applications allow companies to move from monologue to dialogue with customers leading to an ongoing interactive exchange that helps companies to obtain new knowledge about those customers, and hence to enhance customer loyalty for brand building purposes (Lehmkuhl & Jung, 2013).

Woodcock et al. (2011b) indicate that the primary benefit of Social CRM is to give a real-time sense of customers or people preferences and opinion. Given that social networking and Web 2.0 technologies are utilised behind Social CRM, the openness of the approach such as merging social web content from different sources and syndication data are contributed to collective intelligence being used for helping both the company and its customers reach their objectives (Stone, 2009). This capability enables a company to listen to relevant social networking conversations, to spread their news, service updates and timely FAQ response to influence customers, and thereby to take a proactive step to create unutilised business opportunities. This indeed allows customer's conversations through

SNSs to be engaged by companies, enabling them to get a more personalised experience (Stone, 2009).

From an organisational perspective, customer trust and loyalty (retention) can also be perceived as the other key beneficial outcomes of Social CRM. Building brand loyalty such as creating brand specific through online destination (e.g. fan-page) allows companies to obtain information regarding new initiatives and to collect individual information of prospects (Ang, 2011a). There is a possibility for customers to become the partner in product co-creation or co-design promotions. This contributes to the development of business process and business intelligence where organisations and customers are mutually beneficial, and accelerates the creation of long-term trust-based relationships with customers (Zyl, 2009). With Social CRM, companies therefore are able to leverage their customer's trusted peer network to create widespread of positive brand perception where personal knowledge and peer interaction can help to engender trust and reciprocity in network interactions (Sarner et al., 2010). Besides organisational benefits stemming from customer trust and loyalty, customers can also benefit from Social CRM in a number of ways including:

- accessing more trusted and independent information on products, services and organisations through many-to-many participation;
- increasing customers' responsiveness, ongoing dialogues with the organisations and receiving relevant offers more often;
- having greater ability to control over the information they want rather than being pushed information promoted by a company.
- participating and interacting not only with peers or specific communities but also with business leaders, gurus and experts that can share their experience making them feel more involved in their own decisions (fulfilling emotional needs such as self-esteem, respect, belonging and friendship) (Sarner et al., 2010).

However, as argued by Sarner et al. (2011), Social CRM profits companies only when customers/users are willingly to participate in online communities. It makes no sense to expend resources on Social CRM if companies do not measure its benefits at the same time (Sarner et al., 2011). Wang and Owyang (2010) suggest that when Social CRM is in the early stages, companies should prioritise their Social CRM approach based on market demand and technology maturity rather than focusing on implementing new technology systems. Market demand is based on the urgency by companies to deploy Social CRM practices, while technology maturity reflects on market readiness and maturity of a solution (Wang & Owyang, 2010). According to Stone (2009), Social CRM provides a competitive advantage for companies, not because of being innovative technology, but because forward-thinking companies recognise that a comprehensive Social CRM solution can enable them to effectively engage with customers and to harness business intelligence from those interactions. As suggested by Stone (2009, p.107), the essence of the way a company should engage in Social CRM is to “provide ways for customers to express more about who they are, their actions, thoughts and intentions”.

Moreover, a recent study conducted by Cappuccio et al. (2012) showing that, for SMEs, the potential benefits of adopting Social CRM can enable a business to:

- have access to a wider customer base locally and internationally and using the power of crowd sourcing and resources that are spread through the world.
- use and predict future market trends and behaviour of customers in order to develop the right products.
- create a knowledge network that contains the various conversations, ideas and collaborations between the organisation and their customers.
- maximise the ROI of traditional CRM practices

Notwithstanding the benefits offered by Social CRM, it is also necessary to consider the costs of Social CRM implementation associated with investments in IT and reactions of people to process changes. It is possible that an investment in developing a large customer

database (particularly in SMEs) may lead to the costs much more than the likely benefits. The setting up of a community for Social CRM purpose is also time-demanding, meaning that the benefits of Social CRM might only become fully visible over the long-term, rather than the short-term (Stone, 2009).

Another drawback facing organisations experimenting with Social CRM is the forum social tools that are created in publicity (e.g. blogs, wiki and content openness) where customers/people easily create a negative stream and harm the targeted organisation. This means that former and dissatisfied customers may possibly criticise and complain about the organisation public image that is outside the organisation's control, leading to damage to organisational reputation (Zyl, 2009). Furthermore, negative comments posted by staff about their organisation, colleagues and customers can easily find through an online search which could then result in organisation embarrassment and legal liability (Zyl, 2009).

The other drawbacks of Social CRM, which are likely to be very problematic in the insurance and financial services sector, include the potential loss of confidential information and security risks caused by interconnectivity and open communication environment (Stone, 2009). These security risks may lead some customers to resist to new social networking applications. Transformational technologies associated with Web 2.0 may also be difficult to meet the reliability, stability, and security requirements of organisational environment (Askool & Nakata, 2011). Inefficient and unclear management may further restrict authenticity and free flow of information within the organisation (Stone, 2009).

2.4.6 Challenges of Social CRM

Stone (2009) suggests that Social CRM may not benefit all business segments, with insurance companies and banks being less likely to be interested in adopting Social CRM. In the insurance sector, ownership of data has long been an issue. Access to a greater depth of risk data is considered as a pricing differentiator for insurers and anyone who can supply

it, and this leads to reluctance in sharing data and conflicts over who actually owns it (Stone, 2009). Due to limitation of information disclosures, creating an open forum community via social networking such as blogs and wikis is rarely used in interactive communication by insurance companies with their customers. In the banking sector where the data are much more important covering all of a customer's transactions and interactions, all information provided by customers is likely to be restricted by bank regulatory requirements – this reliance on legacy systems acting as a barrier to the adoption of Social CRM (Stone, 2009).

Data privacy is one of the most high-profile social issues. According to Woodcock et al. (2011a), increasing numbers of potential records for every physical individual brought about by the use of social networking lead to concerns that customers may not want to reveal or share their identity. Sometimes, individuals feel that the risk of interaction with organisation has become higher when an organisation sending a message of 'they know where customers are, what customers are doing'. Although the data have been acquired legitimately, the situation will be worse if a company sending the messages or trying to create conversation with their customers who does not want personal life joined to their social (Woodcock et al., 2011a). In parallel, customers may create multiple identities in social networking application to avoid such a risk, leading to the difficulty in getting the real information from customers (Woodcock et al., 2011a). A major implication for privacy, identity theft and data protection may also arise if companies have a various social networking channels to interact with their customers, and customers do not want different accounts of their existing information to be joined together (Stone, 2009; Woodcock et al., 2011a).

As asserted by Ang (2011a), although the term of Social CRM is often used in regard to the integration of social networking and existing CRM system, the distinction between online community members and customers become unclear given that social networking users may not necessarily be the customers. Even though companies know their customers

intimately, it does not mean that the same level of intimacy does exist between companies and social networking users. This coupled with the challenges of deciphering and integrating personal information from social networking back into the CRM system, makes it difficult to apply sophisticated strategic, analytical and operational tools of CRM to social networking data (Ang, 2011a). Furthermore, many companies may not want their customers to interact with each other, because they concern their customers to discover and share the similarity of their bad experience about the company (Ang, 2011a).

Another significant risk, as indicated by Woodcock et al. (2011a), relates to the fact that social networking application (e.g. MySpace) may fall out of fashion with their market and lose profile because of financial problems. As a result, companies may lose their customer base with no record of who customers were and may lose control of how they can interact with their customers (Woodcock et al., 2011a).

Moreover, a recent study conducted by Cappuccio et al. (2012) in Canada, found that 23 per cent of SMEs that implement Social CRM do not fully obtain its benefits in adoption of Social CRM because the implementation of an effective Social CRM solution requires time-consuming, adequate IT resources and finances available for investment. They argue that Social CRM activities may not equally benefit all business segments. Obviously, setting up of a community for Social CRM purposes require both cost-demanding and time-demanding. Thus, companies, particularly SMEs, may not always afford this change, but rather prefer to use the usual way of doing business to cultivate the customer experience (Cappuccio et al., 2012).

2.4.7 Critical points of Social CRM

The followings are some critical points and important lessons suggested in the literature, in which companies must be aware of when engaging in Social CRM:

- ***Social CRM is a strategy*** — In traditional CRM, researchers (Kale, 2004; Rigby et al., 2002) indicate that many companies fail to see a return on their CRM investment, because they assume CRM as a technological solution and try to implement CRM as a technology, not as a strategy. Similarly, Social CRM should be considered as a business strategy rather than tools, technology upgrade or platform (Kotadia, 2010). For successfully implementing Social CRM, it is therefore important for a company to understand that Social CRM is not a technology upgrade; rather, it is a fundamental change in the quality of business interactions with its customers designed to make these interactions more effective and more profitable for the company (Ang, 2011b).
- ***Defined objectives, plans and strong leadership*** — defining the objective to be achieved through social interactions, which could be customer service and support, or customer engagement or attempting to humanise your brand through community engagement, must be initially considered. Companies must have strategies, objectives, planning and requirements in place before implementing Social CRM (Woodcock et al., 2011a). If leadership does not understand the essence of Social CRM strategy and its (short and long term) objectives, the adoption of Social CRM will not be successful (Woodcock et al., 2011b). This statement is supported by many CRM academics (Newell, 2003; Rigby & Ledingham, 2004; Ryals & Payne, 2001) who argue that executives need to efficiently lead, highlight responsibilities and procedure for each department and person, and support their team in order to deal with the management changes brought about by CRM. Then, after those strategic Social CRM frameworks are in place, it is time to look for the final technology solution (Kotadia, 2010).
- ***Coherence in organisational lines of direction*** — In CRM, many academics indicate that a lack of adequate change management is a main reason for CRM failures (Kale, 2004; Rigby et al., 2002; Ryals & Payne, 2001). Most companies roll out CRM before changing their business process, and consequently reengineering does not match the organisational culture (Rigby et al., 2002). Similarly, implementing Social CRM

strategies before changing organisational culture to match such strategies must be avoided (Acker et al., 2011). Managing cultural changes is often seen as one of the most challenging parts of implementing Social CRM strategies, given that technology itself cannot change a company's culture (Acker et al., 2011; Askool & Nakata, 2011). As each department has its own culture, the balanced and coordinated cultural change between departments is strongly required in order to encourage the exchange of Social CRM information within the company (Woodcock et al., 2011b).

- ***Leverage analytics*** — As Social CRM involves the real-time and collaborative responses, companies have to keep up with the changing customer environment, interpret their customer's need and request future plans. This can lead to the challenge of how to translate customer's information and knowledge into actions when companies face dynamic environment. Companies need to understand how to utilise and apply customer information in advanced analytics, and to predict the future consumer behaviours along with identifying the metrics that they would use to measure the results.

Based on above discussion, it can be concluded that companies need to embrace a Social CRM program with clearly defined objectives coupled with mechanisms to capture success metrics. Whilst there will be some challenges and critical points associated with rolling out the Social CRM initiatives, the likely benefits of such initiatives far outweigh the pitfalls. Key pillars for enabling Social CRM include: social listening to capture customer conversations and sentiment; collaborative communities to foster dialogue and identify customer needs thereby enriching their profile; and keeping the dialogue relevant and current by enabling rapid response.

- ***Concluding remark***

This review of the literature suggests that Social CRM is a new business approach that integrates social networking with traditional CRM systems, technologies and processes to

bring about a superior engagement with customers. While the role of Social CRM in business has received significantly growing attention by practitioners, so far there has been little scholarly research in this topic. Preliminary academic research efforts are beginning to be published in the US and Europe, but no rigorous academic research in Social CRM has been completed in Australia. This thesis contributes to overcoming this gap in knowledge. This research aims to examine the uptake of Social CRM in Australian companies by identifying the objectives and strategies for Social CRM, investigating the current state of such an initiative, and identifying the related benefits and challenges. The outcomes of this research should help company managers and policy makers understand the Social CRM phenomenon, especially in relation to what actions or practices they should take to support and foster Social CRM engagement.

2.5 Existing theories used to understand Social CRM

Social CRM is a newly emerging phenomenon which is still at the nascent stage of empirical knowledge development and hence is yet to mark out its theoretical territory. A review of the extant body of knowledge in the literature (Meade & Islam, 2006) suggests the existence of three main theories that have been used by previous Social CRM research to ‘directly’ comprehend the Social CRM phenomenon (not just either its CRM or social media aspect) and gauge its potential for performance improvement. These theories include the Technology Acceptance Model (TAM), Change Management Theory and the Resource-Based View (RBV); the latter also includes the Dynamic Capabilities Theory which is extended from (and normally used with) RBV. TAM and RBV have been utilized to understand Social CRM adoption by individuals (TAM) and organisations (RBV) while Change Management Theory has been used to guide the effective implementation of Social CRM. These three theories are described below.

- ***Technology Acceptance Model (TAM)***

TAM is an information systems theory developed by Davis (1986,1989) and is the most widely applied model of users' acceptance and usage of technology. TAM is extended from the Theory of Reasoned Action (TRA) (Fishbein & Ajzen, 1975) and has expanded into TAM2 (Venkatesh & Davis, 2000) and the Unified Theory of Acceptance and Use of Technology (UTAUT) (Venkatesh, Morris, Davis, & Davis, 2003). TAM suggests that when users are presented with a new technology, the 'perceived usefulness' and 'perceived ease-of-use' will influence their decision about how and when they will use it.

In the realm of Social CRM studies, TAM has been used as the starting point to understand: the acceptance of Web 2.0 or social media technologies by organisational members and/or customers, and the impact this acceptance has on the adoption of Social CRM by companies. For example, Askool and Nakata (2011) use TAM as the starting point to conceptually frame organisational factors and identify customers that could influence a company's adoption of Social CRM. In 2012, these authors conduct empirical research to test their 2011 conceptual framework (Askool & Nakata, 2012). Notwithstanding its usefulness in modelling how users come to accept and use social networking technologies, TAM has been criticised as ignoring the influence of social/organisational pressures and constraints on individuals to perform or not to perform a certain behaviour (Peslak, Ceccucci, & Sendall, 2010). Specifically, its strong behavioural components (assuming that when a user forms an intention to act, that user will be free to act without constraints or limitations) make TAM less realistic, where in the real world there are many constraints (e.g. mandatory use of technology and social norms) that limit the freedom of users to act, accept, and use technology (Rong & Mei, 2013).

- ***Change Management Theory***

Change management is an approach to transitioning individuals, teams and organisations using methods aimed at redirecting the use of resources, budget allocations and

business/operational processes (Vest, 2010). Change management is considered as one of the most important factors that contribute to the success of the implementation of new information systems/technologies (Olupot & Kituyi, 2013; Saunders, Lewis, & Thornhill, 2009). The notion and concept of change management involves two distinct but convergent disciplines of research: ‘engineering’ aiming at enhancing business performance through changing processes, systems and structures; and ‘psychology’ aiming at handling the human side of changes, e.g. helping individuals make sense of what the change means to them (Crotty, 2003; Marshall, Kelder, & Perry, 2005).

Research on Social CRM found that turning Social CRM strategy into implementation requires pervasive and comprehensive changes, particularly those related to organisational culture (e.g. the creation of shared vision, workplace support for individual- and team-level creativity, and employee empowerment) (Wang & Owyang, 2010). Convincing organisational members to perceive the value of those changes and willingly to adopt and implement them, is at the centre of change management. As found by Hosseinianzadeh (2015), the failure of implementing Social CRM in an organisation is due to the fact that the Social CRM system is solely developed and implemented by inexperienced executives and consultants, while key users and actors such as employees and customers are excluded from being involved in the design and development of such a system. Effectively managing changes in relation to people, process and technology is indeed one of the biggest challenges in Social CRM implementation, and this requires strong support from top management (Hosseinianzadeh, 2015).

As noted previously, change management focuses on the implementation aspects of Social CRM and do not emphasize the ‘adoption and strategy formulation’ aspects of Social CRM. Having a theoretical understanding of why and how companies adopt and choose Social CRM as a value-creating strategy that contributes to performance improvement is, arguably, critical for gaining a better and more accurate understanding of the Social CRM phenomenon.

- ***Resource-Based View (RBV)***

Since the mid-1980s, the resource-based view (RBV) of the company has emerged and become as one of the main theoretical approaches used in business strategy (Barney, 1986; Rumelt, Schendel, & Teece, 1994; Wernerfelt, 1984). A central premise of the RBV is that companies compete on the basis of their resources and capabilities; and as such, the resources and capabilities of a company are the key determinants of its competitive advantage and performance improvement (Peteraf & Bergen, 2003).

The RBV approach has two fundamental assumptions. First, it assumes that resources and capabilities are heterogeneously distributed and imperfectly mobile among companies in an industry (Penrose, 1959; Wernerfelt, 1984). Second, it assumes that a company's resources and capabilities could enable it to adopt and implement strategies that alter structural aspects of its industry in ways that distinctively benefit that company (Barney, 1991; Rumelt et al., 1994). These two key assumptions allow not only for the existence of differences in company resource/capability endowments, but also for such differences to persist over time (Barney, 1991).

RBV views resources as the stocks of available tangible factors (financial/human/capital resources, assets, technology) and intangible factors (organisational culture and reputation, and know-how of personnel) that are possessed and controlled by the company and which enable it to produce efficiently (Barney, 1991; Grant, 1991). Capabilities are considered as the company's capacity to combine its unique 'resources' and deploy them advantageously to perform a task or activity to produce a desired effect (Grant, 1991; Sale, Lohfeld, & Brazil, 2002). The distinction between resources and a capability is stressed by Grant (1991) as follows.

“Resources are inputs into the production process...[including] items of capital equipment, skills of individual employees, patents, brand names, finance, and so on. But, on their own, few resources are productive. Productive activity requires the

cooperation and coordination of teams of resources. A capability is the capacity for a team of resources to perform some task or activity.” (Grant, 1991,p.118-119).

Amit and Schoemaker (1993) identify two key features to distinguish a capability from a resource. First, a capability is company-specific embedded in the organisation and its processes (e.g. information-based, intrinsically intangible processes developed through complex interactions among various resources), while an ordinary resource is not. The company -specific character of capabilities implies that if a company is completely dissolved, its capabilities will then disappear but its resources can survive in the hands of a new owner. Second, a capability is aimed at enhancing the effectiveness and productivity of resources owned by a company to accomplish its targets, acting as intermediate goods (Amit & Shoemaker, 1993). This suggests that while resources are the source of a company’s capabilities, capabilities are the main source of its competitive advantage (Grant, 1991).

Based on the RBV approach, both resources and capabilities are, however, not valuable (for generating profitability) in and of themselves; rather, their value lies in how well they support or align with a particular strategy (Grant 1991). For example, a company’s infrastructure capability must be aligned with customer orientation to enhance the company’s strategy aiming at improving the quality of customer information (Wade & Hulland, 2004). This implies that it is the way a company uses its resources to form capabilities for its value-creating strategy that is the primary source of its performance improvement. On this basis, companies should select and frame strategies that best exploit the distinctiveness of their capabilities (developed from resource combinations) to advantage themselves over their competitors or other similar companies in their industry. By building a competitive advantage in this way, a company could achieve performance improvement (Barney, 1991; Wernerfelt, 1984). It is also worth noting that the emphasis of RBV on resources and capabilities does not imply that the external environment is unimportant. In contrast, the choice of which resources and capabilities to exploit must be

guided by an understanding of the trends in the industry, society and environment (Barney, 1986; Conner, 1991).

The importance of having capabilities and resources as the fundamental building blocks for strategy is reflected in various frameworks that have been developed to support strategy formulation and planning. One of these most widely-cited frameworks is the one developed by Grant (1991). Grant (1991) develops a five-stage framework for strategy planning and formulation, as shown in Figure 2.1. Based on Grant's (1991) framework, successful strategy formulation requires the design of a 'strategy' that best fits to the opportunities available in the external environment, makes the most effective exploitation of the company's existing resources and capabilities, and supports the development of new resources and capabilities arising out of the implementation of strategy.

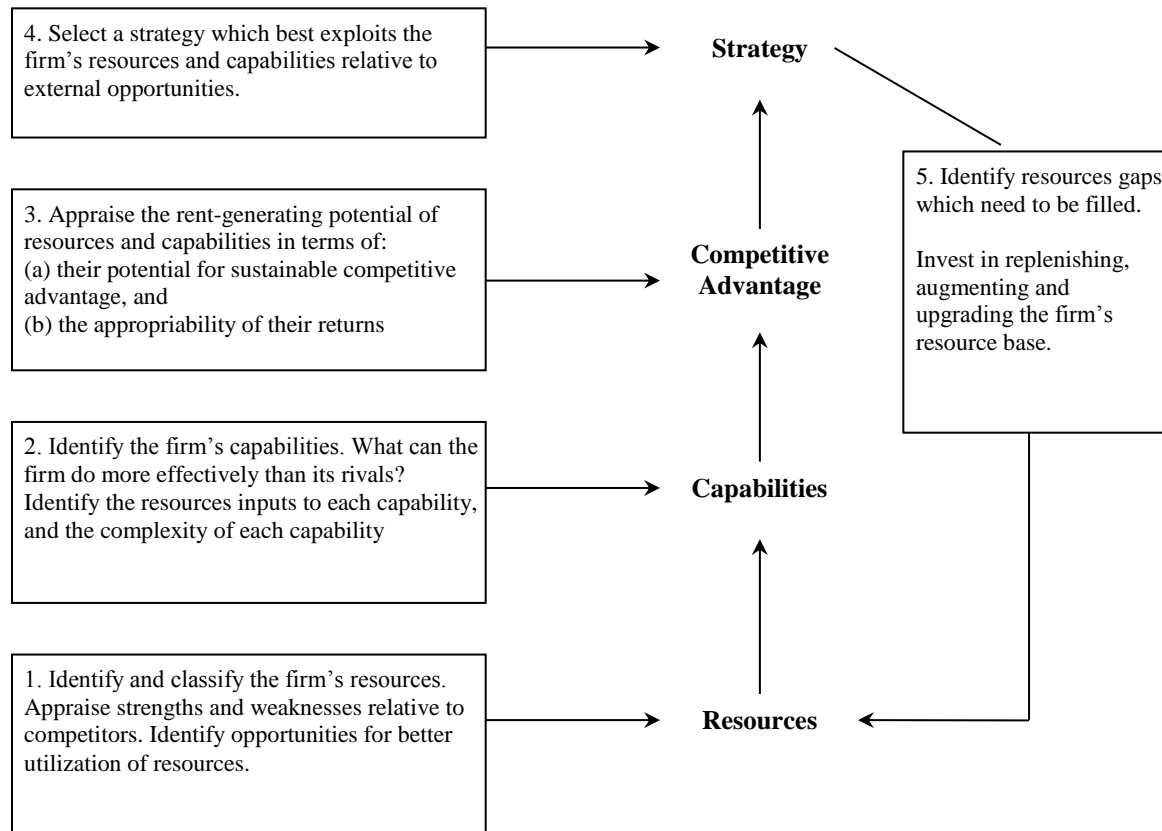


Figure 2.1: A resource-based approach to strategy analysis: a practical framework
Source: Grant (1991, p.115)

As noted by RBV academics (Coff, 1999; Rumelt et al., 1994), implementing a resource-based strategy is a necessary, but not sufficient, condition for improved performance. In specific, even if a company does strategically frame and effectively implement a strategy, it may not be able to recover the resulting financial value at a cost lower than that required to create it (Coff, 1999). Combined with the possibility of the negative effects of many other factors extraneous to the company, a company's (financial) performance could be decreased even in the presence of a well-executed strategy (Poushter, 2016). On this basis, the successful achievement of performance improvement requires that a company needs to consider the costs and extraneous conditions at the time of adopting and implementing their resource-based strategies (Sensis, 2016).

Turning now to research into Social CRM, many Social CRM academics (Choudhury & Harrigan, 2014; Harrigan & Miles, 2014; Harrigan, Soutar, Choudhury, & Lowe, 2015; Rapp, Trainor, & Agnihotri, 2010; Trainor et al., 2014) have used an RBV perspective to build and/or test their conceptual framework, mainly with the aim of finding ways of effectively integrating Social CRM into business strategy and process. For example, Trainor et al. (2014) propose a resource-based conceptual framework that effectively combines the traditional CRM system with social media technologies and suggests how such a combination could contribute positively and meaningfully to organisational performance. Choudhury and Harrigan (2014) and Harrigan et al. (2015) build on and extend a previous traditional CRM model proposed by Jayachandran, Sharma, Kaufman, and Raman (2005) by adding new constructs associated with customer engagement initiatives (that explain the business-customer interaction through social media technologies) and by framing and testing their model using RBV. Harrigan and Miles (2014) apply the notion of dynamic capabilities, an extension of the RBV theory, to explore factors that affect the adoption of Social CRM by small and medium-sized enterprises (SMEs). Their findings reveal that online communities are the primary factor leading to the shift from e-CRM to Social CRM; in other words, the engagement of customers in online communities drives SMEs to use and integrate online communities in their CRM system.

- ***Diffusion of Innovation (DOI) Theory***

Diffusion of Innovation (DOI) Theory, was coined by Everett Rogers in 1962, is one of the oldest social science theories. DOI describes the way that new ideas, technology, policies and even ways of working are communicated over time among members of a social system or organisation (Rogers, 1995; Rogers, 2003). DOI usually lens on a range of perspectives from sociological, psychological and organisational theories (Salveron, Arney, & Scott, 2006). Generally, literature on DOI tended to be separated into explorations of characteristics of innovations including the stages through which innovations pass—and the characteristics of people and organisations involved along a continuum of diffusion (Rogers

2003). Thus, considerable effort in diffusion studies has been devoted to both modelling the macro diffusion process and modelling the behavior of individual users (Meade & Islam, 2006).

In recent years, the majority of DOI studies emphasise the adoption of product technologies such as social media and networking (Folorunso et al., 2010; Rong & Mei, 2013). There are very few that have been widely studied in relation to the diffusion of innovation and that concentrate on the adoption of social networking and Web2.0 technologies in line with CRM context. Although DOI can be an option for research to describe and explain the diffusion of Social CRM through Australian businesses, there is little evidence of Social CRM uptake in Australia. At this stage, the key challenges for Australian businesses are watching for evidence of Social CRM uptake which focused on strategic direction by business perspectives rather than focusing on relatively specific technologies subject to voluntary binary Social CRM adoption by individual users. The aim of this research is on exploring and investigating the current situation of Social CRM (only assumptions from the top management side)—rather than specifically on the test of the attitudes and actions of individual customers/users towards technologies underpinned by Social CRM.

- ***Technological Determinism Theory***

Technological determinism is a reductionist theory that believes that science and technology are autonomous and the main force for change in society (Chandler, 1995). According to Chandler (1995, p.2):

“The technological determinist view is a technology-led theory of social change: technology is seen as the ‘prime mover’ in history. According to technological determinists, particular technical developments, communication technologies or media, or, most broadly, technology in general are the sole or prime antecedent cause of change in society, and technology is seen as the fundamental condition underlying the pattern of social organization.”

As technology develops and changes, no matter how technology is used where it has inherent consequences. Thus, technology is neither good, bad, nor neutral, but rather changes the conditions in the system within which it exists. For example, the telephone led to the decline of letter writing, but the Internet has changed the nature of interpersonal communication again, replacing written records not unlike the telephone. Also, social media has changed the nature of interpersonal, business to customer, and business to business communications (Bright et al., 2015). However, technologies are perceived as being 'instruments' only, they are neither intrinsically good nor bad, they are only neutral tools (Green, 2002). Choi (1997) argued that an interaction is not just a means by which users communicate input to the system and systems provide feedback; interactivity changes the state of mind of the user. In the same vein, in some situations the technical and physical aspects of the technology propagate major changes in culture. In other situations the cultural and value orientations of the society drive and select the development of technologies. This could raise the question whether applying the concept and principle of technological determinism theory to the research that focus not merely on the technology would be appropriate. Also, the researcher cannot know which use society will make of a particular technology, unintended consequences might occur, and the researcher cannot predict in which way exactly technology will shape society.

- ***Concluding remark***

Social CRM is an emerging 'pre-theoretical' phenomenon, especially in Australia where there has been no large-scale empirical research that rigorously explores and investigates the adoption and implementation Social CRM in the private company sector. Given such a remarkable dearth of analysis and also based on the reviewed theories above, the researcher considered that the Social CRM phenomenon in the Australian company context may not necessarily conform to existing theories, and is yet to be on the down-stream stage of theoretical testing. For example, TAM which generally focuses on the general technology acceptance behaviour issues; Change management is an approach to transitioning

individuals, teams and organisations using methods aimed at redirecting the use of resources, budget allocations and business/operational processes, RBV theory emphasises the internal resources and capabilities of the organisation in formulating strategy to achieve a sustainable competitive advantage, DOI focuses on the characteristics of the technology and innovation and the target audience; and the Technological determinism theory lens on science and technology are autonomous and the main force for change in society. As this research focuses on exploring the current state of Social CRM which focused on the strategic business issues as basis rather than the business and consumers' technology acceptance underpinned Social CRM, the five theories described above will not directly underpin and form a theoretical foundation of the present research, but rather will serve as part of the study's diagnosis of the existing body of knowledge in the literature on Social CRM. The relevance and usefulness of these theories in explaining the Social CRM phenomenon in the Australian context, however, will be discussed later based on the findings of this study. In addition, as mentioned earlier, this research will stand with a pragmatism position (see Chapter 3 research philosophy section), the nature of truth has been a central topic for pragmatists and a source of much trouble for them in the classical period. Pragmatists generally reject "correspondence" theories of truth, theories which claim that a true belief or statement is one which represents the world as it really is (Teddle & Tashakkori, 2009). After rejecting correspondence, pragmatists have had an opportunity to devise an alternative view of truth (Teddle & Tashakkori, 2009).

2.6 Chapter summary

This chapter has presented a review of existing relevant literature underpinning the concept of Social CRM. It is argued in this chapter that Social CRM combines the features of social networking with a traditional CRM method with the aim of providing a more effective and engaged CRM approach. Although integrating social networking and Web 2.0 technology into traditional CRM is not without challenge, the advantages of Social CRM are likely to outweigh the disadvantages. It is therefore important for companies to capitalise upon this

opportunity by making Social CRM a part of their business development and customer relationship. While Social CRM in the business context has been analysed increasingly in the US and the EU, the ability of Australian companies to adopt Social CRM has been largely unexplored. Even though some academic and practitioner research indicates that Social CRM in Australian companies are at earlier stage of adoption, such research is still patchy and far from in-depth, detailed and fully reveal the nature and role of Social CRM strategy. This lack of rigorous empirical research on Social CRM makes it difficult to build a business case in the Australian context, thereby leaving the door open for investigation. The last section of Chapter 2 also examined the relevant theories to be used in the research. It briefly reviewed those who introduced the theories of choice for this research. This includes TAM, Change management, RBV, DOI and Technological determinism theory.

Chapter 3 provides a detailed discussion of the methodology adopted in addressing the research questions and associated research objectives stated in Section 1.4.

Chapter 3 – Research Methodology

3.1 Introduction

This chapter provides a discussion of the methodology undertaken in this research. Ethics approval (H0013245) has been granted for this research by the Tasmanian Social Sciences Human Research Ethics Committee (HREC). The chapter is structured as follows:

- Section 3.2 describes the philosophical underpinnings of this research, which adopts a pragmatic ontology along with pragmatic epistemology.
- Section 3.3 describes the research strategy which is designed to capture a snapshot at one point in time concurrently.
- Section 3.4 describes the research design and procedures used to conduct this research.
- Section 3.5 describes the techniques and tools used to collect survey and interview data.
- Section 3.6 describes the approaches to data analysis for both the quantitative and qualitative components.
- Section 3.7 provides a summary of the chapter.

3.2 Research philosophy

Research in IS are generally based on an underlying philosophy or an assumption about knowledge and how it can be obtained. This section aims to describe the philosophic underpinnings of this study in terms of ontology and epistemology. This research employs a pragmatic ontology and epistemology approach, which will be explored further in the following sections.

3.2.1 Ontology

Ontology assumptions related to the nature of reality and truth (i.e. the nature of what exists and what is viewed as reality) (Guba, 1990). Assumptions of an ontological ideology concern the very nature of the social entities being investigated. The broad alternatives for determining an ontological approach are objectivism (positivists) and subjectivism (subjectivists). Within

an objective ontology the focus is on a singular reality, it views realities as ‘objective’ which exists externally to human beings (Neuman, 2003). In the other words, objectivist research is a study independent of the researcher which views social reality as an external objective reality (Bryman, 2004; Saunders et al., 2009)

In contrast to objectivist research, subjectivist research views the problem of reality as that constructed by the researcher involved in the research circumstances being viewed as ‘subjective’ (Creswell, 2003). A characteristic of the subjective ontology is that it may have many contrasting perspectives as everyone builds their own view of reality (multiple realities)(Creswell, 1998). Thus, subjectivist research is more focused on identifying, exploring and explaining the full complexity of human sense-making; that is, they are interested in understanding the underlying meanings or reasons behind people’s actions (Cohen, Manion, & Morrison, 2000; Lincoln & Guba, 1985).

However, positivism and subjectivism, which are philosophical approaches underpinning qualitative and quantitative research respectively, appear incompatible. Teddlie and Tashakkori (2009) propose ‘pragmatism’ as a solid philosophical approach for mixed methods research. Pragmatism is considered as a philosophy that understands both the objective and subjective approaches (Tashakkori & Teddies, 1998). Pragmatism offers a better choice that embraces superordinate ideas gleaned through consideration of perspectives from both side of the paradigms debate in interaction with the research question and real world circumstances (Teddlie & Tashakkori, 2009). This approach corresponds with interpretivism in its commitment regarding the need to accommodate many different perspectives in any social setting (Cherryholmes, 1992; Marshall et al., 2005). The paradigm pertaining to this research project is based on pragmatism. The reason this research position is pragmatist is because this research is the first large-scale exploratory investigation of the role and nature of Social CRM in Australian companies which focuses on the diverse viewpoints regarding social realities—best explanations within personal value systems; thus, pragmatists consider the research question to be more important than the philosophy that underlies the method and the method used (Tashakkori & Teddies, 1998). Taking only a positivist position is not suitable because

multiple views of a multiple reality can emerge. Also, although subjectivism (also referred to as interpretivism) enables multiple views of reality, they do not favour a particular view of reality (Marshall et al., 2005). There is no basis for distinguishing between views leading to equally acceptable and valid results. Thus, researchers argue that there is no way to determine which of those views is correct or ‘true’. Hence, using pragmatism paradigm will enable researcher to understand the world more fully.

3.2.2 Epistemology

Epistemology is the assumption about the nature (or theory) of knowledge, deemed appropriate within the value system (Guba, 1990; Mason, 2002). In other words, it is the philosophy of knowledge acquisition, or the principle way that data are collected and given meaning— which represents an ability to interpret and justify the philosophy about how we know what we know (Crotty, 2003; Hirschheim & Klein, 1989). The two major and most popular forms of research in knowledge acquisition are qualitative methodology, which is grounded on the subjectivism paradigm and quantitative methodology, which is grounded on the objectivism paradigm. However, Guba and Lincoln (1989) argue that qualitative and quantitative research appear incompatible. The meta-theoretical assumptions underlying the two approaches are so different that any reconciliation would destroy the philosophical foundations of each. Some academics argued that whether or not it is possible to subscribe to the philosophy of one approach and employ the methods of another (Reichardt & Cook, 1979; Sale et al., 2002). Thus, Johnson and Onwuegbuzie (2004) propose ‘pragmatism’ as a solid philosophical approach for mixed methods research where quantitative and qualitative work can be done in a single study or series of investigations. Since pragmatism considers the research question to be more important than either the method used or the philosophy that underlies the method, it has been viewed as the most appropriate philosophical basis of mixed methods research (Tashakkori & Teddlie, 1998; Teddlie & Tashakkori, 2003).

Johnson and Onwuegbuzie (2004, p.17) state that pragmatism offers a “*practical and outcome-orientated method of inquiry that is based on action and leads, iteratively, to further action and the elimination of doubt*”. The epistemology in pragmatism is that knowledge can be

ascertained by means of reason or experience, but it is always provisional (Tashakkori & Teddlie, 2003).

Thus, pragmatists use both subjective and objective points of view (i.e. more subjective at certain times and more objective at other times) depending on the stage of the research cycle to decide what to research, and to make knowledge claims in terms of what knowledge is and how this can be known as knowledge (Teddlie & Tashakkori, 2009). That is, pragmatism rejects philosophical abstractions in favour of ‘what works’ (i.e., what works is what should be considered to be important in answering research questions) (Teddlie & Tashakkori, 2009). That is the ‘truth’ of a proposition is measured by its effectiveness on the ground in solving actual human problems. Therefore, the truth of a proposition, while being seen as socially constructed to a large extent, can be investigated empirically to the extent that the results of applying the proposition prove to be of practical use (Johnson and Onwuegbuzie, 2004). By adopting a pragmatist basis for the research, the research design transcends the usual differences in the paradigms of quantitative and qualitative methods, thus giving a consistent and coherent philosophic basis for mixed methods research (Teddlie & Tashakkori, 2009).

3.3 Research strategy

The research strategy involves the use of a mixed methods approach, where both the quantitative and qualitative data were collected concurrently and combined together as one case study. Mixed methods, according to Creswell et al. (2003, p. 212), refer to “the collection or analysis of both quantitative and qualitative data in a single study, in which the data are collected concurrently or sequentially, and involve the integration of the data at one or more stages in the process of research”. Teddlie and Tashakkori (2003, p.711) describe mixed methods as the ‘third methodological movement’ where “[both] qualitative and quantitative approaches are used in types of questions, research methods, data collection and analysis procedures, and/or inferences”. As qualitative and quantitative approaches are viewed by some academics as distinct and incompatible (Guba & Lincoln, 1994), mixed methods present an alternative to qualitative and quantitative traditions by advocating the use of whatever methodological tools are required to answer the research questions under study (Teddlie &

Tashakkori, 2009). Through the use of mixed methods, the researcher is able to precisely understand the boundaries, and get a better understanding, of the Social CRM phenomenon in the Australian context. According to mixed methods strategy, Creswell et al. (2003) develop a system for classifying mixed methods research designs and propose the following six primary types: sequential explanatory; sequential exploratory; sequential transformative; concurrent triangulation; concurrent nested; and concurrent transformative. Each type of research strategy varies with respect to: its use of an approach to implementation (sequential or concurrent data collection procedures); priority given to the quantitative and qualitative data (equal or unequal); stage at which the data are analysed and integrated (separated, integrated or transformed); and theoretical perspective. Teddlie and Tashakkori (2006) also propose the four primary types of mixed method design including concurrent mixed design, sequential mixed design, conversion mixed design and fully integrated mixed design.

Since the present research is undertaken concurrently which focuses mainly on two sources of data collection techniques, it falls under the category of ‘a concurrent mixed design’ proposed by Teddlie and Tashakkori (2006). According to Teddlie and Tashakkori (2006), a concurrent mixed design enables researchers simultaneously to ask confirmatory and exploratory questions. It is used when the emphasis is on cross-validating and corroborating findings from a single study (Creswell, 2003). In other words, the purpose of this design is to validate findings generated by each method through evidence produced by the other. Ideally, the purpose of using the survey and interview methods was to focus on the same concept of Social CRM phenomena in Australian companies in a different way. It is useful for comparing and confirming between both survey and interview data, or to validate or expand findings from the other methods. Thus, this research strategy does not necessarily use any specific theoretical perspective to guide the study. Ideally, quantitative and qualitative data are collected concurrently in which weaknesses of one kind of data are offset by strengths of the other. Equal weight is generally given between the two methods, although in some circumstances one kind of data may be weighted more heavily than the other (Teddlie & Tashakkori, 2006). The data of the two methods are analysed separately, and mixing takes place when the findings are

interpreted (Creswell et al., 2003). The practical application of this methodology is detailed in the next Section (Section 3.4 Research design).

3.4 Research design

The research design consists of two components. The first component utilises a quantitative survey to gain a broad understanding of the current patterns of Social CRM adoption in Australian companies. The second component involves the use of semi-structured interviews to gain a deep understanding of the processes and activities underlying Social CRM adoption, implementation and evaluation. A concurrent approach to data collection is used, where both the quantitative and qualitative data are collected at approximately the same time and equal priority is given to both methods. The purpose of a concurrent mixed design is to use both qualitative and quantitative data to more accurately define relationships among variables of interest. A discussion in this section will cover the two main types of methodological approaches to research including quantitative and qualitative methods.

3.4.1 Quantitative methods

This research used quantitative methods through survey investigation. Quantitative research methods involve the systematic investigation of quantitative properties and phenomena, and their association. In general, quantitative research is designed to collect or gather data in a form suitable for statistical analysis. It involves collecting numerical data that can be charted, graphed, tabulated, and analysed using statistical methods. In this sense, it is considered as being objective and representative with the data collected using standard measures (Creswell, 2003). Quantitative research is considered as an empirical research that emphasises the deductive approach (Bryman, 2004; Punch, 1998).

When employing a quantitative approach, a sample should be large enough to be representative of an entire population (Reichardt & Cook, 1979). By using quantitative methods with a sufficient sample size, researchers are able to project their findings onto the larger population through an objective process. The data collected enables researchers to generalise or make

inferences, with the results being interpreted to determine the probability that the conclusions found among the sample can be replicated within the larger population (Creswell, 2003; Thorne & Giesen, 2002). As suggested by Rudestam and Newton (2001), quantitative methods are sufficiently rigorous and appropriate to the research question to successfully evaluate a completed study irrespective of the study being conceptually or theoretically grounded.

A quantitative research approach can provide a starting point to develop the design of fieldwork by identifying suitable organisations for subsequent qualitative case study analysis (MYOB, 2012). Such an approach can also contribute to greater confidence in the generalisability of the research because it enables researchers to draw inferences (from descriptive and inferential statistics) about the quantity of attributes of an entire population from a sample (Keuky & Clarke, 2011). With an appropriate research design for data collection, the study's validity and reliability can be achieved (Golafshani, 2003). Validity involves the accuracy of the data and findings that are produced, while reliability relates to the consistency and dependability of a measuring instrument (Golafshani, 2003). Kirk and Miller (1986) indicate that reliability is an essential pre-requisite for validity, and identify three main types of reliability in quantitative research: the degree to which a measurement (given repeatedly) remains the same; the stability of a measure over time; and the similarity of measurements within a given time period.

However, because of its lesser focus on human individuality and people's unique ability to interpret their experiences, to construct their own meanings and to act on these (Denzin & Lincoln, 2000; Sarner et al., 2011), quantitative methods are not without disadvantages. As pointed out by Deloitte (2011), quantitative methods provide only a 'snapshot' of the situation at a certain time and therefore offer little information on the underlying meaning of the data. This leads to a lack of qualitative depth to the answers (Moore, 1983).

3.4.2 Qualitative methods

This research used qualitative methods through semi-structured (telephone) interviews for data collection. Qualitative methods can be most simply defined as "*the techniques associated with*

the gathering, analysis, interpretation, and presentation of narrative information” (Teddlie & Tashakkori, 2009, p.6). In contrast to quantitative methods, qualitative methods are characterised by an emphasis on the collection and analysis of subjective non-numerical data. Language is essential for qualitative researchers to learn the meaning of the world. Denzin and Lincoln (2000) indicate that qualitative researchers generally deploy a wide range of interconnected interpretive practices aiming at getting a better understanding of the subject matter at hand in order to explore a new topic or phenomena. Qualitative methods focus on words rather than on examining empirically or measuring an amount, intensity or frequency (Bryman, 2004; Denzin & Lincoln, 2000). Such methods attempt to discover individuals’ opinions and internal experiences within their context such as their organisation. On this basis, qualitative papers are generally longer and written in narrative form, compared to quantitative papers where the papers are commonly presented in the form of numbers and findings of statistical significant testing (Brown, 1998; Creswell, 2003).

Qualitative methods – which use an inductive approach to research (Bryman 2004) – have gained increasing acceptance in the field of ICT, particularly since current research interest in ICT has shifted away from technological to managerial, behavioural and organisational issues (Myers, 1997). Qualitative research represents social reality viewpoints and rejects the practice and norm of quantitative research. The purpose of qualitative methods, as described by Manson (2002, p.3), is to *“produce rounded and contextual understandings on the basis of rich, nuanced and detailed data, [and be] more emphasis on holistic forms of analysis and explanation in this sense, than on chatting surface patterns, trend and correlation”*. Replicability and generalisability are not goals of qualitative research (Mason, 2002). Qualitative researchers often view human behaviour as being dynamic, fluid and changing over time and place. This means that different groups have constructed different perspectives and realities, which is in contrast to quantitative research where the cognition and human behaviour are highly predictable and explainable (Creswell, 2003; Oates, 2006). An inherent characteristic of qualitative methods is the description of the interactions between participants and researchers in naturalistic settings with few boundaries, leading to a flexible and open research process (Harwell, 2011). Such interactions enable researchers to obtain specific

information regarding the subjects involved such as the values, experiences, behaviours and opinions of particular participants in an effective manner (Mason, 2002). The uniqueness of qualitative research is thus to produce findings that are not determined in advance and that might be applicable beyond the boundaries of the study (Creswell, 2003).

Whilst qualitative methods provide rich, detailed and holistic descriptions of complex phenomena using a variety of techniques such as interviews, observations, documentation and case studies; likewise quantitative methods they are not without disadvantages. The main disadvantages of qualitative approach stem from the risk of interpreting findings from interviews out of context and/or the danger of oversimplifying the explanation (Denscombe, 2007).

By mixing the quantitative and qualitative methods, the researcher can gain in breadth and depth of understanding and corroboration of the research problem, whilst offsetting the weakness inherent to using each method by itself. The different findings are converged during the interpretation and discussion of the study.

3.5 Data collection techniques

As noted above, this research adopted a ‘a concurrent mixed design’ research method proposed by Teddlie and Tashakkori (2009), in which qualitative and quantitative data were collected concurrently but were analysed separately. Equal priority was given to both types of data (Creswell, 2003; Harwell, 2011). This means that the mixed methods designs of this research would therefore be divided into equivalent status designs where researcher conducts the study using both the quantitative and qualitative approaches equally to understand the phenomenon under study (Harwell, 2011). Equal priority was given to both types of data. Quantitative data from the surveys was used to investigate and describe the current patterns of Social CRM adoption and implementation in Australian companies. Qualitative data from semi-structured interviews were used to explore in depth, the processes of implementing or adopting Social CRM by companies as well as the problems and challenges associated with such initiatives. The two sets of data were integrated in the research interpretation and discussion. It was

expected that the combined findings would provide the researcher with valid and well-substantiated conclusions about Social CRM phenomena in Australian companies

3.5.1 Quantitative component

This research used quantitative methods through survey investigation. The sample of this research was randomly selected from a population of Australian private companies across all size-classes and industry sectors contained in the Dun & Bradstreet (360Company, Australia) database. Access to this database was available through the library portal of the University of Tasmania. After the initial list of companies provided by this database was cleaned extensively for accuracy of content such as duplicates being identified and removed and contact details including email address being checked against each company's website, a final random sample of 10,000 companies were left.

In this research, a web-based survey method was chosen, because it was considered to be a much faster and more economical means of data gathering compared to a postal survey (Joinson, 2005; Neuman, 2003). Given that no published data was available on Social CRM practices for the targeted sample population, a survey questionnaire for this research was developed based on the extant literature (Acker et al., 2011; Baird & Parasnis, 2011; Cappuccio et al., 2012; Dutot, 2013; Greenberg, 2009a; Leary, 2008; Stone, 2009; Zyl, 2009) and on discussions with senior academic researchers in the fields of IT and marketing who have expertise and familiarity with Social CRM practices in the Australian private sector.

- *Validity and reliability (pre-testing)*

As recommended by previous survey research (Davis & Cosenza, 1985; Sekaran, 2003), once a survey questionnaire is completed in draft form, it should be subject to a pre-test in order to detect any potential ambiguity regarding the measurement and wording of the survey items. To that end, the proposed questionnaire was pre-tested with three academic researchers who were familiar with Social CRM practices in the Australian private sector, and another three senior managers whose main responsibility within their company was in both IT and marketing management. Their responses were not used in the final research. Although the sample of the

study pre-test was small, it was considered adequate for the research purpose given the high level of survey fatigue observed in Australian companies (Birch, 2002), and the need for excluding pre-test responses from the final analysis. The pre-test resulted in a few minor amendments being made to the initial questionnaire in order to improve clarity and content validity. The final questionnaire is presented in Appendix A.

- *Distribution strategy*

Following accepted practices in CRM research (Huang & Wang, 2013; Olszak & Bartus, 2013; Payne & Frow, 2005), data were collected from CEOs or marketing/IT managers who can be expected to play a crucial role making decisions on Social CRM adoption and to have deep knowledge about their company's Social CRM strategies. A web-based survey instrument was administered during June to December 2013 through SurveyMonkey (one of the world's leading provider of web-based survey solutions) to 10,000 Australian companies, and was addressed to the IT or marketing manager of the company (a single informant in each company). The survey instrument consisted of a project information sheet and a questionnaire (see Appendix A). The project information sheet explained the purpose of the research and the benefits to the company by participating in the survey, as well as provided assurances regarding the data confidentiality and privacy provisions. All participants were advised that the completion and submission of the survey would indicate their consent to participate in the research. All participants were also made aware that the research had been approved by HREC, in which the HREC project number is H0013245. Participants were free to fill in their contact details (including their name, email address and their company name) on the last page of the questionnaire if they were interested in taking part in an interview – the qualitative component of this research. The section revealing individuals' contact details was collected separately from the questionnaire responses to ensure anonymity.

- *Strategy to maximise response rates*

Approximately 8 weeks after the survey distribution, 852 responses had been received. To increase the response rate, an email follow-up was sent to all companies, and those that had already responded to the initial survey were asked to ignore this follow-up. This follow-up process contributed to 216 further completed responses. Overall, the total number of completed survey responses received was 1,168 (from out of 10,000 targeted companies). Of these completed responses, 108 were eliminated because of missing values. This left a sample of 1,060 final completed responses for the quantitative survey part, representing a 10.6 per cent response rate. While this response rate is somewhat low, it is similar to that in other survey studies (Galbreath & Galvin, 2008; Maignan & Ferrell, 2001; Schlegelmich & Robertson, 1995; Simons, Pelled, & Smith, 1999). Australia has also been viewed by academics (Birch, 2002; Galbreath & Galvin, 2008) as a country with substantial ‘survey fatigue’, thus pressing response rates down. The following discussion outlines the survey questions and measurement scales included in the study questionnaire.

3.5.1.1 Survey questions

Given a lack of publicly available data on Social CRM in Australian companies, the use of a structured, self-reported questionnaire for the purposes of data collection was considered most appropriate (Podsakoff and Organ, 1986). It also allows data to be confidentially and inexpensively collected from a targeted but geographically diverse sample (Podsakoff and Organ, 1986). The survey questionnaire, with a total of 22 questions (including background information), consisted of three main sections as follows:

- ***Section 1 – Demographic and background information***

The first set of questions aimed to gather background information regarding the demographic characteristics of the responding companies such as location, company size, industry sector, important markets for company’s products or services, existing CRM activities, as well as whether they have adopted Social CRM. These questions were asked of all companies and thus enabled the researcher to determine Australian companies that are currently engaging in Social

CRM initiatives. The findings obtained from this section were used to separate respondents into two groups: those with and without Social CRM adoption*.

**Of note: Adoption refers to the act by which companies focus on the uptake of ideas, concepts, technology, tools or practices (innovations) that have been observed from global trend research and technology innovation and applied to their business without any change of its existing structure (Vest, 2010).*

- ***Section 2 – Information collected for companies that have adopted Social CRM***

A second set of questions aimed to collect the respondents' perception about their company's Social CRM activities/practices and how long their company has engaged in such activities/practices. These questions were designed to ask three groups of Social CRM adopters: (i) companies that have adopted and implemented Social CRM; (ii) companies that have recently adopted Social CRM and are currently in the process of implementation**; and (iii) companies that have adopted Social CRM in the past but have now terminated the use of it. Data on benefits, costs and challenges associated with Social CRM adoption, as well as the social-networking related technologies that are currently being in use, were also collected in this section. The section enabled the researcher to explore and investigate the current processes and implementations of Social CRM in Australian companies, and subsequently provided a foundation for determining the usual business case for Social CRM initiatives in the Australian context.

***Of note: implementation refers to the process to which a chosen strategies, ideas, concepts and practices are put into action. It involves the customization to their business context which is the design and management of systems to achieve the best integration people, structures, processes and resources, in achieving companies objectives (Roger, 1995).*

- ***Section 3 – Information collected for companies that have 'not' adopted Social CRM and those that have made no decision on the matter***

The last set of questions was targeted towards the respondents' decisions in regards to the reasons for not adopting Social CRM initiatives. These questions were designed to target two groups of non-Social CRM adopters: (i) companies that have made no decision regarding Social CRM; and (ii) companies that will definitely not adopt Social CRM. This section also enabled the given information in the survey to be related to social networking that is currently

being in use by non-Social CRM adopters to communicate with their customers, as well as if they are planning to embrace Social CRM in the future, a planned process for adopting Social CRM.

3.5.1.2 Measurement scales

This research used closed questions in a survey-based format in order to allow responses to be easily classified, thus making analysis straightforward. All questions were worded carefully and avoided ambiguity and jargon. Each closed question contains a list of response items from which the respondent can select his/her answer(s). These response items included closed responses with additional comments such as “other (please specify)”. Closed questions were asked, supplemented by comment boxes for gathering additional information. The design of the survey, which protected respondent anonymity with different scale for measurement, was designed to help minimise common method bias – i.e. a variance bias that is attributable to the measurement method rather than to the constructs the measures represent (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003). The following survey measurement scales were used in the survey.

- **Multiple choice** (only one answer per question)

A multiple choice question asked respondents to select only ‘one’ response from a list of alternatives.

1. What is your main responsibility at your company?

- | | |
|--|--|
| <input type="radio"/> IT management | <input type="radio"/> Both IT and Marketing management |
| <input type="radio"/> Marketing management | <input type="radio"/> Others (please specify) |

- **Checklist** (multiple answers per question)

A checklist question listed a set of response items of which respondents selected all those that applied. In this case, there could be multiple answers to a question.

6. Which of the following are important markets for your company's products or services? (select all that apply)

- ☐ Other divisions of your company
- ☐ Other companies
- ☐ Individual customers

- **Binary (yes/no) response**

A 'yes/no' question asked respondents to select only 'one' response from the two alternative choices (yes or no).

8. Has your company had engaged in any of the following CRM activities? (Please check 'Yes' for each activity that is applicable)

- | | | |
|--|---------------------------|--------------------------|
| a) A formal process for identifying potential customers and their likely value | <input type="radio"/> Yes | <input type="radio"/> No |
| b) A formal process to manage customer referrals | <input type="radio"/> Yes | <input type="radio"/> No |
| c) A formal process to track the status of customer relationships throughout the whole customer life cycle | <input type="radio"/> Yes | <input type="radio"/> No |

- **Numerical rating (Likert scale)**

A Likert scale from 1 to 5 was used. This would enable the researcher to determine respondents' attitudes or feelings about a particular question/statement. For example, the respondents were asked to use a 5-point Likert scale (from "factors not experienced" to "very high") to rate the importance of each factor as a constraint on their company's implementation of Social CRM.

13. How **important** were the following factors as **constraints** on your company's implementation of Social CRM?

	<i>Very High</i>	<i>High</i>	<i>Medium</i>	<i>Low</i>	<i>Factor not experienced</i>
a) Estimated financial cost is too high	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b) Costs outweigh the benefits	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
d) Time consuming to manage and monitor social media sites	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

3.5.2 Qualitative component

This research used qualitative methods through semi-structured (telephone) interviews for data collection.

- *Sampling strategy*

Seventeen companies that indicated, in the survey questionnaire, their willingness to participate in an interview were contacted by email to arrange a convenient time for the telephone interview. These companies, all of which currently use traditional CRM, were selected from a set of a convenience sample of large, medium and small companies created by researcher including the list of 28 companies across all states of Australia that advised of their interest during the study survey in participating in a case study interview. Of all the seventeen companies, 13 reported their adoption/implementation of Social CRM and 4 reported non-engagement in Social CRM. For each interview, a single participant per company was identified. All selected interview participants were only one of either CEOs, managing directors, IT managers or marketing managers at each company. Before the interview, all selected interview participants were initially spoken to by phone to gauge their interest at initial stage, during which information on the purpose of the study and the benefits to the firm of participation in the research was explained. Then each participant was formally emailed the ‘project interview guidelines’, including an information sheet and consent form. All participants were advised that the focus of the interview would be on the management and strategic elements of Social CRM rather than on the technological details, and were requested to return a signed consent form to the researcher by email within 14 days.

- *Interview structure and type*

To ensure the quality of the interview data in this research, the interview questions were developed based on both the extant literature and the areas of interest highlighted in the overarching research question and objectives of the study. The interview design adopted the interview guided approach by Denscombe (2007) where an outline of topics or issues is mainly covered with flexibility in the order of the questions and the emergence of new topics and

issues. To implement the interviewing approach successfully, the researcher prepared a basic checklist to make sure that all relevant topics are covered for more in-depth responses or guiding the conversation while performing an interview. The interview guide consisted of the following two main sections, leading to a total of 16 interview questions (see Appendix B for details). This interview guide was reviewed by a number of three academic researchers and three IT professionals at the University of Tasmania to ensure appropriate wording and understanding of the questions.

- Section 1 consisted of 10 questions for interviewing Australian companies that have already adopted Social CRM. The interview questions were divided into 4 main areas.
 - (i) ***System adoption***— aimed to gather data to reveal in which ways companies adopt Social CRM for customer related processes and to gain a comprehensive in-depth understanding of what is the usual business case for Social CRM initiatives (in terms of objectives, technologies, approaches and processes) in Australian companies.
 - (ii) ***Information technology investment***— aimed to gather data on the average levels of investment in Social CRM initiatives in Australian companies.
 - (iii) ***Measurement of Social CRM***— aimed to gather data to investigate what metrics do Australian companies use to monitor and measure the value of Social CRM. The data collected would allow the researcher to gain a deeper insight into costs, benefits, issues, problems and challenges associated with Social CRM implementation in Australian companies.
 - (iv) ***Strong leadership***— aimed to obtain more in-depth information regarding top management's role in supporting the implementation of Social CRM.
- Section 2 consisted of 6 questions for interviewing Australian companies that have 'not' yet adopted Social CRM. These questions would enable the researcher to explore respondents' perspectives in-depth regarding the reasons (also obstacles and

challenges) for non-adoption of Social CRM in their companies. Questions relating to social networking applications that are currently being used by these non-Social CRM adopters, as well as those relating to motivating drivers for a planned adoption of Social CRM in the future (if a plan exists), were also asked in this section. Specifically, the rationale of interview questions for Australian organisations that have not yet adopted social CRM including those who have decided not to adopt social CRM and those who have made no decision on the matter will be presented as follows:

1. What is your opinion regarding social CRM strategy and implementation?

Social CRM is a new phenomenon, and as such it has been defined in a variety of ways in the literature (Askool & Nakata, 2011; Enrico, 2007; Faase et al., 2011; Greenberg, 2009a; Sarner et al., 2011), leading to confusion over the concept (references cited at the end of each definition survey items, see page 12). Due to the variation of social CRM definitions, Question 1 therefore is needed to allow the researcher to investigate how Australian CEOs define and understand the concept of social CRM in business practices.

2. Are you planning to adopt social CRM? If yes, why? If no, why?

Since social CRM in Australia is in its early stage with lack of business cases and knowledge, the reasons for unwillingness, abandonment or rejections of social CRM among Australian organisations are as yet unknown. Question 2 therefore allows the researcher to determine reasons underlying Australian managers' decisions towards the non-adoption of social CRM initiatives in-depth.

3. Has your organisation previously adopted traditional customer relationship management (CRM)? How did your previous experience with traditional CRM affect your views on expanding or enhancing your CRM program with social CRM (ie enhancing it by interactions with social digital media).

Traditional CRM has not yet been developed to its full potential as a value creating tool in enhancing customer relationships, even among the businesses who have adopted it. Question 3 therefore allows the researcher to better understanding the current situation of traditional CRM and how a CRM in those companies are enhanced.

4. Has your organisation adopted social networking sites to interact with customers?

If yes, What are they?

If no, why not?

As indicated by Chugh (2012), social networking offers businesses new avenues for enhancing sales and marketing as well as creating trust in customers. It also helps to find new business opportunities and share knowledge, advice and expertise. To be more specific, Wang (2009) asserts that social networking has the capability of enabling organisations to manage unstructured tacit knowledge and bolster business collaboration. Questions 18 will enable the given information related to social networking applications that are currently being in use for Australian organisations although those that have not yet adopted social CRM.

5. If your organisation has a plan to adopt social CRM in the future, what are the motivating drivers for social CRM adoption in your organisation?

6. If your organisation has a plan to adopt social CRM in the future, what would be your planned method of implementation?

Question 5-6 will enable the given information in the interview to be related to a motivating drivers for social CRM and a process for adopting social CRM that Australian organisations will be involved in (if they have a plan) in the future.

- *Interview execution*

The interviews were carried out via telephone during June to December 2013, each call with an average duration of 30-45 minutes. All interviews were held in quiet rooms without disturbances from other people. The interviews were audio recorded with the permission of participants. Every interview was started with a broad and open question that was geared more toward the participant's perspectives before narrowing the question into the research interest. The questions during the interview, which were developed based on the extant literature, may not follow the exact order, giving the researcher a chance to ask questions related to responses. This also enabled the respondents to express new insights and topics (based on their personal

experience and interpretation of the events), which were not included in the predetermined interview topics. This method, as suggested by Denscombe (2007), helped ensure that all the critical points were investigated comprehensively, not only being restricted to the research topics. A ‘research training supervision’ was employed in this research. By doing so, before the interview was conducted, the draft interview questions were checked with three academic researchers who were familiar with Social CRM practices (one of them experts in the field of qualitative research) and another three senior managers whose main responsibility within their company was in both IT and marketing management to detect any potential ambiguity regarding the meaning of all questions and wording of the interview items. Then, after interviews were completed, transcripts of interviews were made and sent back to the participants in order to be confirmed and validated.

However, the researcher discovered errors in some of the interview transcripts during the process of data coding and analysis. To maximise the quality of interview data, the researcher decided to hire a native English speaker to re-transcribe all the audio-recorded interview data verbatim. The new verbatim transcripts of 17 interviews, with a total of 150 pages (single-spaced, 12-point font) were then re-coded and re-analysed. This was a time-consuming but imperative process to ensure the quality of data analysis and the accuracy of the interpretation of findings.

3.6 Approaches to data analysis

This section discusses the data analysis approaches employed in the present research. The discussion starts with the analysis approach to the quantitative survey data, and is followed by the approach to the qualitative interview data.

3.6.1 Analysis approach to quantitative data

This research aims at exploring the role and nature of Social CRM in Australian companies, Quantitative data from surveys was mainly analysed using descriptive statistics. The data was analysed through the Statistical Package for the Social Sciences (SPSS) software version 21.

The focus of the quantitative analysis was placed more on describing facts explaining a distribution and making comparisons between distributions rather than on offering statistical inferences or testing a cause-effect relationship between independent and dependent variables of interest. However, logit regression analysis was also used to investigate and evaluate what factors are associated with a company's decision to adopt Social CRM. Logit regression was performed to aid interpretations.

On this basis, and following Pinsonneault and Kraemer (1993) stating that the hypothesis is not causal, but simply that common perceptions of facts are or are not at odds with reality. To assess the validity and reliability of data, three main techniques: *Treating missing values*, *Non-response bias assessment* and *Common method variance* were employed (see Section 4.2). The quantitative data analysis and findings will be discussed in detail in the Chapter 4.

3.6.2 Analysis approach to qualitative data

This research used thematic analysis by applying the principles of grounded theory to support thematic coding that assists the analysis of the qualitative data obtained from semi-structured interviews. Thematic analysis was deemed suitable for analysing the key features of the data, answering the study's research question, and enabling comparison between the participants. Thematic analysis uses a systematic set of procedures to analyse classification and present 'themes' that relate to data. A 'theme', as indicated by Boyatzis (1998, P161), refers to a level of a pattern response or meaning found in the data that "*at the minimum describes and organizes the possible observations and at the maximum interprets aspects of the phenomenon*". Braun and Clarke (2006, p.84) further state that "*the themes are identified within the explicit or surface meanings of the data, and the analyst is not looking for anything beyond what a participant has said or what has been written*". Hence, the thematic analysis technique provided the researcher with identified codes and themes and adhered as closely as was feasible to the words used by participants. On this basis, the development and identification of themes did not take place prior to data collection. Rather, the semantic themes were derived from being grounded in the data obtained from participants and were further

developed and conceptualised by the researcher to determine precisely the relationships between concepts and to compare them with the replicated data.

According to Dey (1999), grounded theory method for analysis identifies and generates categories by coding observations and using categories that are analytic and sensitising rather than representational. In the present research, the researcher generated themes that were grounded in the data by using thematic coding (Boyatzis, 1998) drawn upon from principles of grounded theory (Strauss & Corbin, 1990). Specifically, ‘open coding’ from grounded theory – i.e. “[the process of] breaking down, examining, comparing, conceptualising, and categorising data” – proposed by Corbin and Strauss (1990) was employed in this research to help generate themes about the nature of data. The use of open coding enabled the researcher to describe and summarise what has happening in the data, and consequently to access a holistic and meaningful picture insight into the phenomena of nature. The next subsection details the coding process used in this research.

3.6.2.1 Individual case overview

At this stage, when transcribing the interviews, participants’ names were replaced with code numbers. Participants of this research were assigned the codes COM1_C, COM1_MD, COM2_IT and COM3_M. “COM” refers to company, “C” indicates CEOs, “MD” stands for Managing director, “IT” stands for IT managers or interviewees who work in the area of IT management, and “M” refers to Marketing managers or interviewees who work in the area of marketing management. Details of the number of employees, position of the interviewees, location, and company sector in each case are summarised in Table 3.1.

Table 3.1: Summary of interviewee’s details*

Case	Position	No. of employees	Company sector	Location
COM1_M	Marketing Manager	50-99	Financial and insurance service	VIC
COM2_M	Marketing Manager	20-49	Professional, scientific and technical services	NSW
COM3_MD	Managing director	20-49	Education and training	VIC
COM4_MD	Managing director	20-49	Professional, scientific and	WA

			technical services	
COM5_MD	Managing director	200-499	Manufacturing	WA
COM6_M	Marketing Manager	20-49	Health care and social assistance	VIC
COM7_C	CEO	10-19	Accommodation and food services	WA
COM8_MD	Managing director	20-49	Professional, scientific and technical services	NSW
COM9_IT	IT Analyst	50-99	Retail trade	SA
COM10_MD	Managing director	100-199	Information media and telecommunication	NSW
COM11_MD	Managing director	20-49	Retail trade	NSW
COM12_M	Senior Marketing Manager	800-1,000	Agriculture	TAS
COM13_IT	Social media digital marketing	More than 5,000	Financial and insurance service	NSW
COM14_C	CEO	20-49	Professional, scientific and technical services	NT
COM15_MD	Managing director	20-49	Manufacturing	NSW
COM16_C	CEO	100-199	Education and training	VIC
COM17_MD	Managing director	20-49	Information media and telecommunication	QLD

**Of note: Company 1 to 13 has already engaged in Social CRM, but Company 14 to 17 had not.*

3.6.2.2 Coding process

Through the thematic analysis approach, the present research incorporated three critical stages of coding process: ‘*data reduction*’, ‘*open coding*’ (in grounded theory), and ‘*creating Theme*’. Data reduction (or data simplification) refers to the process of selecting, focusing, simplifying, abstracting, and transforming the ‘raw’ data that appear in written-up field notes—it is a process of identification of a more simple way of organising data to reduce the raw data to manageable levels in a more condensed form (Miles & Huberman, 1994a). Open coding is used to identify events and/or concepts that relate to the study’s research questions. These events can then be grouped into categories that will subsequently guide the overall analysis of the data. This reflects the overall approach to the research and would allow common experiences to emerge (Corbin & Strauss, 1990). Theme refers to a “*pattern found in information that at minimum describes and organizes the possible observations and at maximum interprets aspects of the phenomenon*” (Boyatzis, 1998, p.4)

- ***Data reduction***

At the first stage of data analysis, a summary code based on the data reduction process was employed according to Miles & Huberman (1994). The purpose of this coding process was to glean insights from large amounts of data by condensing large volumes into more easily manageable pieces, and therefore revealing underlying patterns (Miles & Huberman, 1994a). The idea is that text was divided into smaller pieces, and the data was summarised to reflect the various issues represented. These summary codes could have words, phrases or other units of text, with similar meanings. Seidel and Kelle (1995) propose three basic ways to aid with the process of data reduction and coding. These include noticing relevant phenomena, collecting examples of the phenomena, and analysing phenomena to find similarities, differences, patterns and overlying structures. By doing so, the data in the form of audio recordings derived from the individual interviews of participants were initially created as a transcript (raw data) and printed out. With this process, the study interview questions became more focused, leading to richer interview data. Each transcript was read through several times, so that the researcher was familiar with the content and gained an understanding of the themes and details in the text. The researcher initially examined the raw data and coded them through a process of densification which fractures the interview into discrete threads of datum (Glaser, 1978). Key concepts that were embedded in the interview transcripts were highlighted, and notes of what the relevance of each highlighted concept could be were manually made. Table 3.2 shows an example of the process of data reduction.

Table 3.2: Example of data reduction process

1	Social CRM is essentially Social Customer Relationship	<i>SCRM is about</i>
2	Management it's about managing your customers both new and	<i>managing customers</i>
3	existing across various social media networks including but not	<i>across social media</i>
4	limited to Facebook, Twitter, LinkedIn etc. It also includes, to	<i>networks.</i>
5	an extent, if you have your own internal CRM system that is	
6	kind of social, so you have your own clients in there. A lot of	<i>SCRM includes an</i>
7	companies manage their own one, so it's also related to that.	<i>internal CRM system.</i>
8		
9	Well Basically, before my time. We got marketing manager	
10	and my role here is the digital marketing manager. When they	<i>Traditional firm lacks</i>
11	hired me they didn't really know what they needed or what	<i>SCRM awareness.</i>
12	Social CRM was or anything like that. The firm was more kind	
13	of traditional.	
14		<i>Use SCRM to provide</i>
15	So I use Social CRM to basically provide them with helpful	<i>clients with helpful info.</i>
16	information like links to articles and things like that and it	
17	seems to work really well. I also use it as a way to let them	<i>Use SCRM to provide</i>
18	know that they can contact us in a variety of ways. So they can	<i>clients and potential</i>
19	message us on Skype, they can message us on Facebook. They	<i>clients with various</i>
20	can do a variety things, as opposed to just picking up the phone	<i>contact channels.</i>
21	which is not always the easiest thing.	
22		
23	I'm deliberately not trying to sell too much because people	<i>People hate to be sold on</i>
24	hate that crap on Social CRM. Trying to force-feed people	<i>SCRM.</i>
25	sales promotions and thing like that. Unless it's a genuine... a	
26	genuine offer. Like a really, really good sale kind of thing.	<i>Use only a genuine offer.</i>
27	That's the only thing that, like, really works. When you try and	
28	force-feed people, and try and force people to buy things, they	<i>Don't use force-feed</i>
29	just hate it. So I try and be very light and... yeah.	<i>people sales promotions.</i>
30		
31	If you hide something, sometimes... especially for all the major	<i>Hiding or deleting</i>
32	brands, it doesn't matter what you do and how fast you are. If	<i>something negative on</i>
33	someone posts something negatively and you take it away, the	<i>FB can cause serious</i>
34	chances are that someone has already seen it and have taken a	<i>damage.</i>
35	screen shot of it. And then, if you take it a way it just looks	
36	really bad for you. It could come back to bite you in the ass	<i>Dealing with negative</i>
37	There's a lot of dilemmas with that. And that's one of the	<i>things is a challenge for</i>
38	challenges facing people like me moving forward is there's	<i>SCRM adopters.</i>
39	gonna be more and more of this as we go on.	
40		
41	I started the page when I got here and I used a variety of	
42	techniques to get it out there. I did a simple.... I started	<i>Use variety of techniques</i>

43	advertising traditionally on Facebook, which is just going into	<i>to build FB community.</i>
44	the Facebook Ads platform. And the only thing you are doing	<i>Use FB ads to advertise</i>
45	is you're advertising the page itself. So, people see the logo,	<i>the firm's FB.</i>
46	and if they know who [Name of company] Lawyers are, they	
47	like the page. And that's worked. That's got about two- or	<i>Post helpful legal</i>
48	three-hundred people in the door. I also run things like... I send	<i>updates on FB that is</i>
49	really helpful legal updates. For example, anybody in NSW	<i>worth sharing.</i>
50	with a swimming pool has to register the pool in October. So, I	
51	would send that on Facebook. And then everybody would go	<i>Involvement of staff and</i>
52	Hey!! I know this other guy who's got a pool, I'm going to	<i>their family on FB is</i>
53	send it to him. And then my helpful article gets send around	<i>foundation for building</i>
54	Facebook because it's an article which I think is worth sharing.	<i>online community.</i>
55		
56	Yeah and just things like that, you know? I've encouraged	<i>Copy what top law firms</i>
57	everybody in the law firm, all of the employees and staff, I've	<i>are doing but try to do it</i>
58	told them to get on there and for them to tell their friends and	<i>own way</i>
59	family because that's the first thing any company should do	
60	when they set up a social community is to get their employees	<i>Learn from other firms.</i>
61	on it and to get their employees to tell their immediate	
62	networks and that's how you start the... basically, the	
63	foundation for any social network in the business.	
64		
65	Look at the top law firms in the world who have budgets in the	
66	gazillions and employee teams who are like me, but like a	<i>Come up with some</i>
67	hundred guys, and I can just copy what they're doing but try	<i>ground-breaking things.</i>
68	and do it my way. Yeah that's pretty much I mean I have come	
69	up with some like ground-breaking things myself that like no-	
70	one else does.	<i>Small firm size limits the</i>
71		<i>ability to create ground.</i>
72	So I still try to do that but because we're a small law firm in	<i>Watch other firms and</i>
73	comparison to some of the huge international firms. A lot of	<i>try to improve.</i>
74	it's just watching what they do and then try and do it better and	
75	more creatively.	
76		<i>Management perceives</i>
77	All the inquiries and the people that I've had come in the door	<i>the 'low' level and</i>
78	that I have actually managed to get and source from Social	<i>quality of inquiry from</i>
79	CRM, and I've told them, "this inquiry has come from Social	<i>Social CRM.</i>
80	CRM", the level of inquiry and the quality of that inquiry has	
81	been remarkably low in their opinion. So they think...	
82		<i>Agree with top</i>
83	To an extent, yeah... I do agree with it Well, that's it at the crux	<i>management for the low</i>
84	of it. But also because we are in the legal industry. There's a	<i>level and quality of</i>
85	lot of that Social CRM inquiry is coming from younger people,	<i>inquiry from SCRM.</i>
86	like me, and where as I said before, just it's very common for	<i>SCRM inquiry often from</i>

87	generation Y to try and solve all the problems ourselves by	young people.
88	going on Google and trying to find the answers and try to find	
89	everything for free.	<i>SCRM inquiry is common for</i>
90		<i>Gen Y who use Google to</i>
91		<i>solve problems themselves for</i>
92	That's just, like, what we do. And a lot of them try and pull up	<i>free</i>
93	and get free advice, and they don't really want to pay for	<i>Young people want free</i>
94	anything. And as soon as we get someone who's like that, they	<i>advice.</i>
95	just want to get rid of them because they're just time-wasters...	<i>Top management doesn't like</i>
96	or we call them tyre-kickers... and there's just more of those	<i>SCRM because most young</i>
97	people on Social CRM and that's why they don't like it .	<i>are on there.</i>
98		<i>Marketing responsible</i>
99		<i>for SCRM.</i>
100		
101	It's a 100 percent marketing responsibility. We have one IT	<i>IT assists with YAMMER</i>
102	manager and she's here full-time but she does not really have	<i>use for managing</i>
103	any kind of say in the marketing or social side of it. We... this	<i>internal communication.</i>
104	doesn't really apply to customer relationship management, but	
105	we tried to do a bit of Yammer internally, so we tried to use	
106	Yammer social network internally to manage internal	
107	communication, and the IT department helped with that.	

Note: When participants used the word 'firm', the researcher assumed it means 'company'. Thus, for data coding and analysis, the term 'firm' were used interchangeably with the term 'company'.

The data reduction process produced 1754 summary codes from the interviews with seventeen companies. This process was supported through the use of Microsoft Office Excel 2010. However, in order to reduce the amount of data into the areas of interest, the duplicated code process was also conducted from the list of summary codes at this stage. These summary codes were sorted into alphabetical order before removing the duplicate ones. After removing the duplicated codes from the list, codes were examined for similarities in their meaning.

- ***Open coding***

In the second stage, open coding was employed. The purpose of the open coding process was to provide conceptualisation on the first level of abstraction from the summary codes to represent social phenomena (Glaser & Strauss, 1967). The open codes were assigned an abstract name after grouping summary codes. The grouping of concepts into categories would enable the researcher to closely examine the data, and to question them with a view to identifying new discoveries (Braun & Clarke, 2006; Strauss & Corbin, 1990). The categories

acted as an umbrella term under which the number of individual summary codes could be placed, reflecting a general idea of classifying the various components of the data under the key headings. Since the process of open coding examines the data without limitations in its scope and without the application of any filters (Glaser & Holton, 2004), all data were accepted and none were excluded at this stage. Data were then coded following the prescribed process of open coding (Glaser, 1978), which involved systematically reading and considering every comments made by each respondent with the aim of finding similarities between concepts. These emerging concepts were coded according to their meaning and relevance to the research as shown in Table 3.3.

Table 3.3: Example of open coding

Summary codes	Open codes
SCRM is about managing customers across social media networks	Managing customers across social media networks
SCRM includes an internal CRM system	SCRM includes an internal CRM system
Traditional firm lacks SCRM awareness	Traditional firm lacks SCRM awareness
Use SCRM to provide clients with helpful info	Use SCRM to provide helpful info
Use SCRM to provide clients and potential clients with various contact channels	Use SCRM to provide clients/prospects with various contact channels
People hate to be sold on SCRM	People hate being sold
Use only a genuine offer	Use only a genuine offer
Don't use force-feed people sales promotions	Don't use sales force
Hiding or deleting something negative on FB can cause serious damage	Hiding or deleting negative things serious damage
Dealing with negative things is a challenge for SCRM adopters	Dealing with negative things is a challenge
Use variety of techniques to build FB community	Variety of techniques to build FB community
Use FB ads to advertise the firm's FB	Use FB ads to advertise the firm's FB
Post helpful legal updates on FB that is worth sharing	Post helpful legal updates on FB
Involvement of staff and their family on FB is foundation for building online community	Foundation for building online community
Copy what top law firms are doing but try to do it own way	Copy and adapt what top firms are doing
Learn from other firms	Learn from other firms
Come up with some ground-breaking things	Come up with ground-breaking things
Small firm size limits the ability to create	Small firm size limits the ability to create

ground	ground
Agree with top management for the low level and quality of inquiry from SCRM.	Low quality inquiries from SCRM
SCRM inquiry is common for Gen Y who use Google to solve problems themselves for free	SCRM inquiry is common for Gen Y
Young people want free advice	Young people want free advice
Top management doesn't like SCRM because most young are on there	Top management doesn't like SCRM because most of young on there
Marketing responsible for SCRM	Marketing responsible for SCRM
IT assists with YAMMER use for managing internal communication	IT assists with YAMMER communication

The open coding process produced 1620 open codes from interviewing seventeen companies, and was then grouped to create categories in the higher level of abstraction for the next stage (Strauss & Corbin, 1990). By doing so, the open codes were grouped into categories. Once relationships between the open codes were established, similar or related codes were grouped together into a smaller number of larger meta codes. The coding was an analysis of the directly observed data, categorizing is a more abstract analysis of the codes themselves as shown in Table 3.4.

Table 3.4: Example of how the open codes are categorised into categories

Open codes	Categories
Managing customers across social media networks	Online community building
SCRM includes an internal CRM system	CRM system
Traditional firm lacks SCRM awareness	Lack of knowledge
Use SCRM to provide helpful info	Providing helpful information
Use SCRM to provide clients/prospects with various contact channels	Contact channels for clients/prospects
People hate being sold	Marketing tactics
Use only a genuine offer	Providing helpful information
Don't use sales force	Marketing tactics
Hiding or deleting negative things serious damage	Response strategies
Dealing with negative things is a challenge	Response strategies
Variety of techniques to build FB community	Online community building
Use FB ads to advertise the firm's FB	Brand awareness
Post helpful legal updates on FB	Providing helpful information
Foundation for building online community	Online community building

Copy and adapt what top firms are doing	Learning process
Learn from other firms	Learning process
Come up with ground-breaking things	Marketing tactics
Small firm size limits the ability to create ground	Small firm size
Low quality inquiries from SCRM	Low inquiry quality
SCRM inquiry is common for Gen Y	Generation differences
Young people want free advice	Generation differences
Top management doesn't like SCRM because most of young on there	Lack of management support
Marketing responsible for SCRM	Digital marketing role
IT assists with YAMMER communication	IT role

As a result, the grouping process produced 256 categories which is based on 1620 open codes from across the seventeen companies interviewed, and such categories were then grouped to create themes in the higher level of abstraction for the next stage.

- ***Identifying themes***

The final stage was identifying themes— this process involved paraphrasing or summarising each piece of data and entering information “*into your unconscious, as well as consciously processing the information*” (Boyatzis, 1998, p.45). Ideally, the categories from the open codes stage were collated and accrued to form sub themes of similar phenomena leading to a main themes. Of note, at this stage, the researcher had not simply coded every related open codes into a single theme but rather had created sub themes (coding the various dimensions relating to each theme). These sub themes can be helpful if a theme is complex or large which had been encompassed and abstracted from various open codes. By doing so, the categories that formed open codes were grouped and re-considered to define their properties and dimensions, and were then clustered and assigned succinct phrases to describe the meaning that underpinned the theme in a higher level of abstraction as shown in the example of Figure 3.1.

The quality of qualitative data analysis depends on repeated, systematic searching of the data. In an attempt to achieve this, repeated coding need to be performed to review interpretations. In doing so, the coding process was conducted iteratively using thematic coding, a number of coding

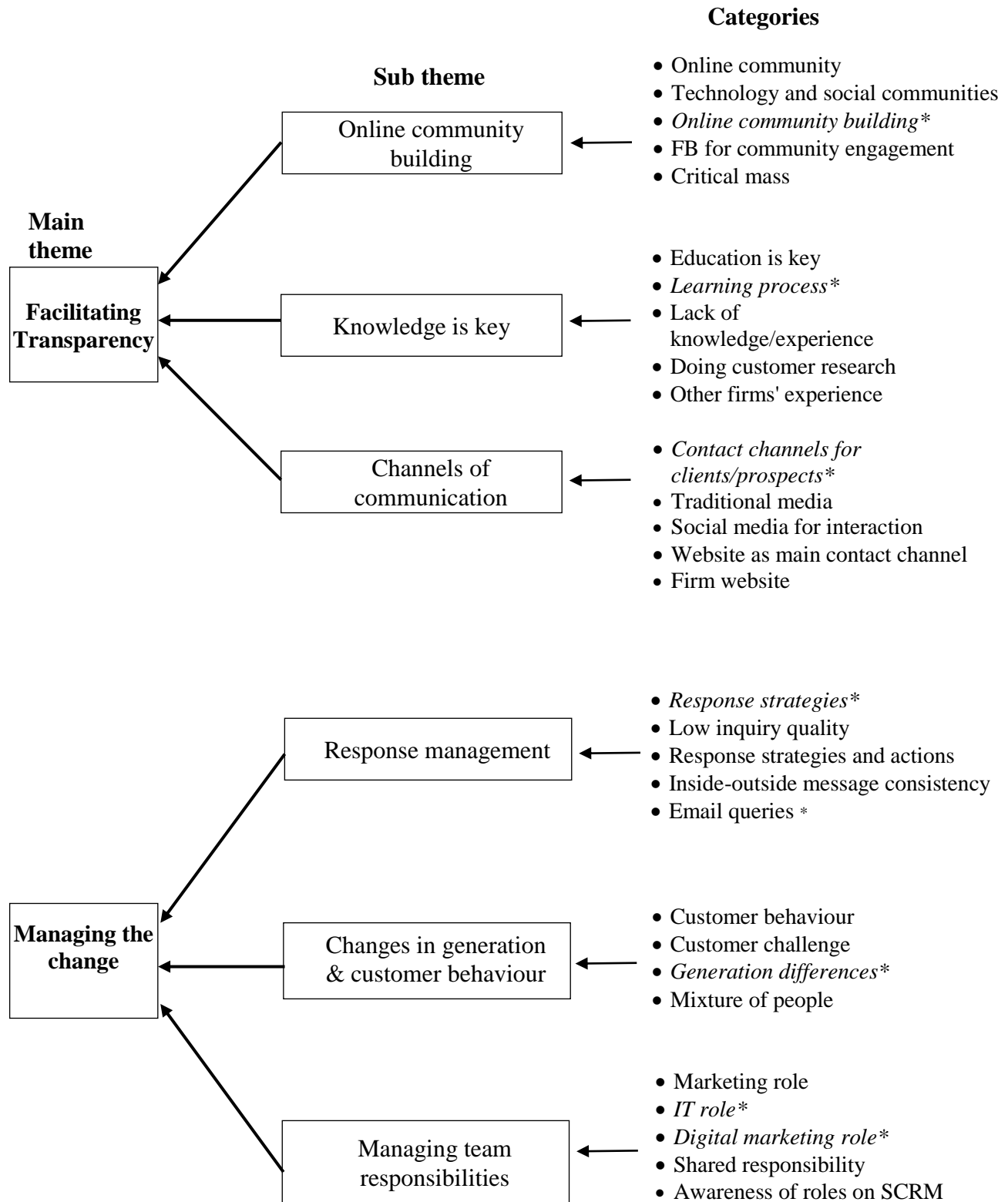


Figure 3.1: Example of main them and sub theme findings

was iterative, and a sample of coding was reviewed and checked by the supervisory team who had expertise in qualitative research. Then the final definition of each code was refined until consensus was reached. Indeed, the coding process and analysis involve a number of iterations before reaching the production of themes. Eventually, As a result, the final coding process produced thirty-two sub themes leading to six main themes as shown below: (Each of themes will be presented in Chapter 5)

- Engagement
- Facilitating Transparency
- Looking to the Future
- Managing the Change
- Practicalities
- Uncertainty

The qualitative data analysis and interpretation from seventeen companies will be discussed in detail in Chapter 5.

Data quality refers to the degree to which the data collected meets the standards of quality to be considered valid (trustworthiness) and reliable (dependable) (Guba & Lincoln, 1994). According to Guba and Lincoln (1994), the quality of qualitative data is based on four criteria: credibility (measuring internal validity); transferability (measuring external validity); dependability (measuring reliability); and confirmability (measuring objectivity). In this research, the first two criteria were adopted to achieve trustworthiness.

Credibility is defined as the confidence that can be placed in the truth of the research findings (Lincoln & Guba, 1985; Merriam, 1998). Credibility establishes whether or not the research findings represent plausible information drawn from the participants' original data and is a correct interpretation of the participants' original views (Lincoln & Guba, 1985). As mentioned in Section 3.5.2, a member checking technique (peer-review) was used for this research. A member check is a crucial process that any qualitative researcher should undergo because it is the heart of credibility (Lincoln & Guba, 1985). In an attempt to achieve a high quality of data analysis, repeated coding needs to be performed by a subsequent researcher(s) to review and balance interpretations. Moreover, established coded criteria must be compared with other

similar coded segments in order to ensure consistency of application, as well as adherence to the definition of code.

According to Lincoln and Guba (1985) and Yin (2009), dependability refers to the process of repeating the same study to generate the same findings. In other words, it is the consistency of the data collection procedures and the detailed description of the research processes. For this research, the researcher has demonstrated how these processes were implemented during the data collection and analysis in the methodology chapter. Miles and Huberman (1994) suggest that dependability is established when the data is reviewed and checked by a different researcher or peer examination. In this research, dependability was achieved through weekly meetings with the supervisory team who had expertise in qualitative research. The supervisors checked the clarity of the data collection and analysis procedures as well as the soundness of the findings, with changes and modifications being made as required.

3.7 Chapter summary

This chapter has presented a discussion of the research philosophy and methodology utilised in this research. This research adopted a pragmatic ontology and epistemology through the use of mixed methods. The research strategy uses mixed method based on one case study which aimed to capture a snapshot at one point in time concurrently, comprising the integration of quantitative and qualitative methods based on a concurrent design. The deployment of mixed methods enables a well-rounded answer to the study's research question to be achieved. This chapter has discussed the research design as well as the methods used to collect and analyse data. With regard to data analysis approaches, descriptive statistics were mainly used to analyse the quantitative survey data, while a thematic analysis by applying the principles of grounded theory approach was used to analyse the qualitative interview data. Both the quantitative and qualitative findings will be integrated in Chapter 6, (See Figure 3.2) during the discussion and interpretation of the research. The next chapter will present an analysis of the data from quantitative component.

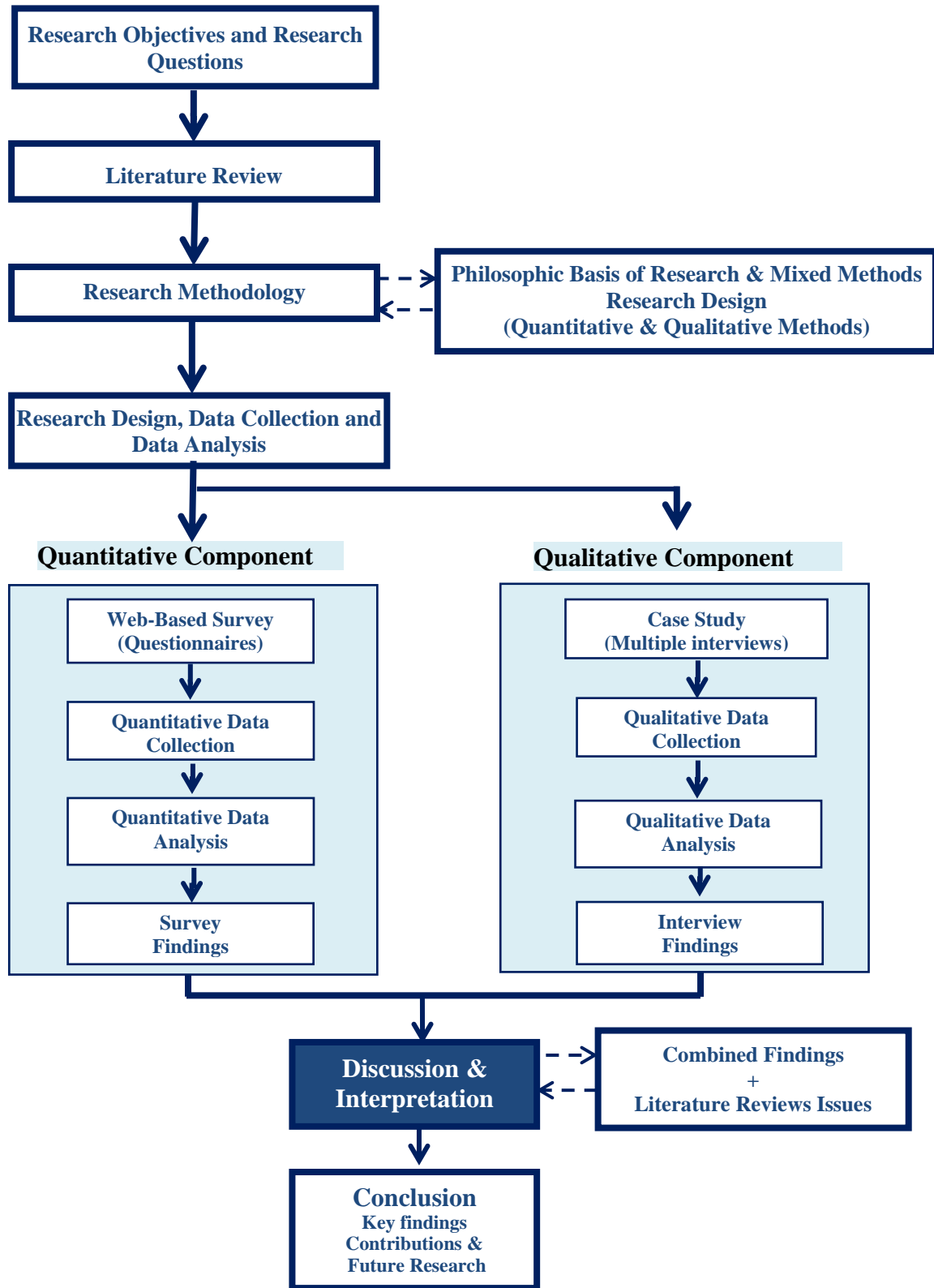


Figure 3.2: The organisation of the research process

Chapter 4 – Quantitative data analysis and findings

4.1 Introduction

This chapter presents the findings of quantitative data analysis. The objectives of this chapter are to explore several factors that could be associated with the propensity of Australian companies to adopt (or not to adopt) Social CRM and to investigate the link between Social CRM and beneficial outcomes. The chapter is structured as follows:

- Section 4.2 details data preparation, including a method for treating missing values, a non-response bias assessment, and a method of minimising common method bias in the survey design.
- Section 4.3 presents the characteristics of the survey respondents.
- Section 4.4 discusses the patterns of Social CRM adoption in Australian companies.
- Section 4.5 reports the preliminary findings in the forms of frequencies, percentages and cross-tabulations with chi-square tests. These findings are subsequently used to inform the researcher's decision about which variables to include in the later multivariate regression (logit regression). The preliminary (descriptive) findings are presented in relation to the two groups of companies: Social CRM adopters and Non-Social CRM adopters.
- Section 4.6 reports the logit regression findings, in which both the Social CRM adopters and Non-Social CRM adopters are combined. Note that as this research is to a large extent explorative in character, the focus is on descriptive statistics (Section 4.4) rather than inferential statistics (Section 4.5).
- Section 4.7 provides the summary of the survey findings.
- Section 4.8 provides a summary of the chapter.

4.2 Data preparation

4.2.1 Treating missing values

The presence of missing values is a common problem for the analysis of survey data. Of all 1,168 companies responding to the study's survey, 108 (9.25 per cent) did not give answers to

one or more questions. As the proportion of these missing data was small and the values were missing at random, utilising a conservative method – likewise deletion – was appropriate (Allison, 2001; Tabachnick & Fidell, 2001; Thorne & Giesen, 2002). The 108 companies with missing data were therefore excluded from the analyses, reducing the number of valid responses to 1,060 companies. A sample of 1,060 was considered a large validation sample, which is more than sufficient to derive reliable findings and draw meaningful conclusions.

4.2.2 Non-response bias assessment

The possibility of non-response bias was assessed through Armstrong and Overton (1977) time-trend extrapolation procedure. This procedure is based on the assumption that persons who respond less readily (or replying later to a survey) are more likely to resemble non-respondents. Differences between early respondents and late respondents thus closely reflect differences between respondents and non-respondents (Armstrong & Overton, 1977). Of 1,060 valid responding companies, 844 were classified as early respondents (responding to the survey within 8 weeks after the initial survey distribution) and 216 were classified as late respondents (responding to the survey after an email follow-up was sent out i.e. more than 8 weeks after the initial survey distribution). The chi-square test for independence was performed using IBM SPSS Statistics version 21 to determine if there was any statistically significant difference between these two groups that could bias the research findings. The findings showed no significant difference between early and late respondents in terms of company size (Mean=2.25, SD=0.96, $\chi^2 = 5.36$, $p = 0.147$), industry sector (Mean=4.20, SD=1.42, $\chi^2 = 8.52$, $p = 0.202$), and decision to adopt Social CRM ($\chi^2 = 2.68$, $p = 0.101$).

4.2.3 Common method variance

Although the use of cross-sectional, self-reported survey data based on assessments by single informants in each company is widely used in the organisational research in information systems, the potential for common method variance (also known as common method bias) may cause concern (Podsakoff et al., 2003; Spector, 2006). Common method variance, as described by Richardson, Simmering, and Sturman (2009, p.763), refers to “*systematic error variance shared*

among variables measured with and introduced as a function of the same method and/or source". Such a variance may occur as a result of factors such as social desirability, selective memory and halo effect (e.g. cognitive bias in which the respondents' overall impression of their company influences how they feel/think about their business strategy and performance), and it can threaten the internal validity of conclusions about relationships between variables (Podsakoff et al., 2003). In the present research, both the design of the survey procedures and statistical control procedures were used to minimise and control for method biases.

With respect to the procedural remedies, the design of the research survey varied questions types and used different response formats (e.g. binary [yes/no] scales, categorical scales, and Likert scales) for the measurement of different variables, which could help reduce the potential for common method variance as suggested by Podsakoff et al. (2003). Survey administration also used two mechanisms to minimise method biases. First, all respondents were either CEOs or IT/marketing managers who were the most reliable assessors of organisational information on Social CRM strategies/processes (Huang & Wang, 2013). Second, the survey fully protected respondent anonymity, and all respondents were assured that there were no right or wrong answers and they should answer questions as honestly as possible. This helped minimise respondents' evaluation apprehension and reduced a chance for them to edit their responses to be more socially desirable (Podsakoff et al., 2003).

The statistical technique used in this research to assess the presence of common method variance was the Harman's single factor test, which was performed through an exploratory factor analysis (Podsakoff & Organ, 1986). Specifically, all of the construct measures were entered into the factor analysis using polychoric correlation matrix applied on binary and ordinal measures. The findings showed the presence of eight distinct factors with eigenvalues greater than 1, with the largest factor accounting for 38 per cent of the total variance. Since there was no a single factor emerging from the analysis and the largest factor did not account for the majority of the variance (Podsakoff et al., 2003), common method bias was adjudged as not a substantial concern in this research.

While it is impossible to preclude completely all forms of method biases, a combination of the procedural and statistical remedies employed in this research – plus the use of mixed methods combining both the survey and interview data – allowed the researcher to be confident that common method variance was not a major concern and less likely to inflate relationships between variables or to confound the interpretation of the research findings.

4.3 Sample characteristics

Table 4.1 presents the characteristics of the research sample. Of 1,060 respondents, 55.2 per cent had the main job responsibility in both IT and marketing management, 21.2 per cent in IT management only, and the remaining 23.6 per cent in marketing management only. Current positions represented were CEO (44.4 per cent), IT manager (20.0 per cent), marketing manager (21.8 per cent) and other (13.8 per cent). The majority of responding companies had their head office located in New South Wales (31.5 per cent), Victoria (25.0 per cent), and Queensland (16.1 per cent). Approximately 80 per cent of all companies in the sample sold their products or services to individual customers (business-to-customer, B2C) and 57.9 per cent sold to other companies (business-to-business, B2B), whilst only 4.9 per cent had other divisions of their company as an important market.

For the purpose of this research conducted in the Australian context, the Australian Bureau of Statistics' (ABS, 2001a) definition of company size based on the number of full-time equivalent employees was used: 'micro' (under 5 employees), 'small' (5-19), 'medium' (20-199), and 'large' (200 or more). In the sample, 31.5 per cent were micro companies, 59.7 per cent were small and medium enterprises (SMEs), and 8.8 per cent were large companies. This is consistent with the company size structure of the Australian economy which is largely characterised by micro companies and SMEs (ABS, 2001a).

Table 4.1: Sample characteristics (1,060 respondents)

Respondent's main responsibility at the company	N	%
IT Management	225	21.2
Marketing Management	250	23.6
Both IT and Marketing Management	585	55.2
<i>All respondents</i>	<i>1,060</i>	<i>100.0</i>
Respondent's current position	N	%
CEO	470	44.4
IT Manager	211	20.0
Marketing Manager	232	21.8
Other	147	13.8
<i>All respondents</i>	<i>1,060</i>	<i>100.0</i>
Important market for company's products or services (Multiple answers were possible; therefore, the sum of % is not equal to 100%**)	N	%
Other divisions of the company	52	4.9
Other companies	614	57.9
Individual customers	831	78.4
Company's head office	N	%
Australia Capital Territory	20	1.9
New South Wales	334	31.5
Northern Territory	23	2.2
Queensland	171	16.1
South Australia	78	7.4
Tasmania	72	6.8
Victoria	265	25.0
Western Australia	87	8.2
Outside of Australia	10	0.9
<i>All respondents</i>	<i>1,060</i>	<i>100.0</i>
Number of full-time equivalent employees working in the company	N	%
Under 5	334	31.5
5-9	107	10.1
10-19	126	11.9

20-49	210	19.8
50-99	114	10.8
100-199	76	7.2
200-499	60	5.7
500-999	23	2.2
1000-4999	4	0.4
5000 or more	6	0.6
<i>All respondents</i>	<i>1,060</i>	<i>100.0</i>

Size of company (based on the ABS's definition)	N	%
Micro (under 5)	334	31.5
Small (5-19)	233	22.0
Medium (20-199)	400	37.7
Large (200 or more)	93	8.8
<i>All respondents</i>	<i>1,060</i>	<i>100.0</i>

Sector (based on the ANZSIC's divisions)	N	%
Agriculture, forestry and fishing	38	3.6
Mining	10	0.9
Manufacturing	106	10.0
Electricity, gas, water and waste services	15	1.4
Construction	68	6.4
Wholesale trade	64	6.0
Retail trade	154	14.5
Accommodation and food services	79	7.5
Transport, postal and warehousing	25	2.4
Information media and telecommunications	115	10.8
Financial and insurance services	41	3.9
Rental, hiring and real estate services	21	2.0
Professional, scientific and technical services	136	12.8
Administrative and support services	24	2.3
Public administration and safety	13	1.2
Education and training	41	3.9
Health care and social assistance	61	5.8

Arts and recreation services	49	4.6
<i>All respondents</i>	<i>1,060</i>	<i>100.0</i>

Companies responding to the survey were in various industry sectors. The sectors shown in Table 4.1 were classified based on the Australian and New Zealand Standard Industrial Classification's (ANZSIC) divisions. Approximately half of responding companies were in the following four sectors: retail trade (14.5 per cent); professional, scientific and technical services (12.8 per cent); information media and telecommunications (10.8 per cent); and manufacturing (10 per cent). Where possible, the descriptive findings reported in this chapter are presented by ANZSIC industry division. However, for some figures, the smaller number of companies (less than 4 cases) requires the use of a broader sector classification approach to protect confidentiality; to this end ANZSIC divisions have been aggregated into seven broad industry sector categories (shown in Table 4.2). The full questionnaire used in this research (including the survey's questions *verbatim*) is provided in Appendix A.

Table 4.2: Broad sector category and corresponding ANZSIC industries

Broad sector category	Corresponding industries	N	%
Natural resources	- Agriculture, forestry and fishing - Mining	48	4.52
Manufacturing	- Manufacturing	106	10.00
Infrastructure	- Electricity, gas, water and waste services - Construction - Transport, postal and warehousing	108	10.18
Retail, wholesale, accommodation and food services	- Wholesale trade - Retail trade - Accommodation and food services	297	28.01

Knowledge intensive business services (KIB)	- Information media and telecommunications - Financial and insurance services - Rental, hiring and real estate services - Professional, scientific and technical services - Administrative and support services	337	31.79
Health, education, public administration and safety	- Public administration and safety - Education and training - Health care and social assistance	115	10.84
Arts and recreation services	- Arts and recreation services	49	4.62
<i>All respondents</i>		<i>1,060</i>	<i>100</i>

4.4 Patterns of Social CRM adoption in Australian companies

Figures 4.1 and 4.2 present the overall pattern of Social CRM adoption in Australian companies. The questionnaire defined Traditional CRM as “a business strategy that drives functional plans, processes and actions towards establishing relationships with customers”. All respondents were asked if their “company has adopted and/or implemented Social CRM, that is, using social media (Facebook, LinkedIn, Twitter, Slide Share etc.) to enhance [their] Traditional CRM”.

Of 1,060 respondents, 56.3 per cent reported the adoption of Social CRM by their company (Figure 4.1) – of which 32.5 per cent fully adopted and implemented Social CRM, 20.6 per cent recently adopted Social CRM and were in the process of implementation, and 3.2 per cent adopted Social CRM in the past but had now terminated the use of it (Figure 4.2). These findings showed that Social CRM in Australian companies are still at an early stage of adoption. Of note, all of the 597 Social CRM adopters also indicated their engagement in at least one of the following ten traditional CRM activities:

- A formal process for identifying potential customers and their likely value (cited by 51.6 per cent of all Social CRM adopters);
- A formal process to manage customer referrals (55.1 per cent);
- A formal process to track the status of customer relationships throughout the whole customer life cycle (46.9 per cent);

- A formal process to identify, interact with and regain lost customers (41.5 per cent);
- A process to track customer information in order to assess customer value (54.6 per cent);
- A process to segment our current customers according to their value (44.1 per cent);
- A process to customise our products and services based on our database of customer information (50.3 per cent);
- Determining the needs of existing and potential new customers (70.0 per cent);
- Formal processes for cross-selling and upselling based on our customer information (39.4 per cent); and/or
- Formal processes for identifying low value or problem customers and discontinuing relationships with them (32.2 per cent).

Of all 1,060 respondents, 43.7 per cent reported that their company did not adopt Social CRM (Figure 4.1) – of which 36.8 per cent made no decision (or no plan) regarding Social CRM while 6.9 per cent indicated that they would definitely not adopt Social CRM (Figure 4.2). Of all the 463 non-Social CRM adopters, 89.2 per cent indicated their engagement in at least one of the above ten traditional CRM activities.

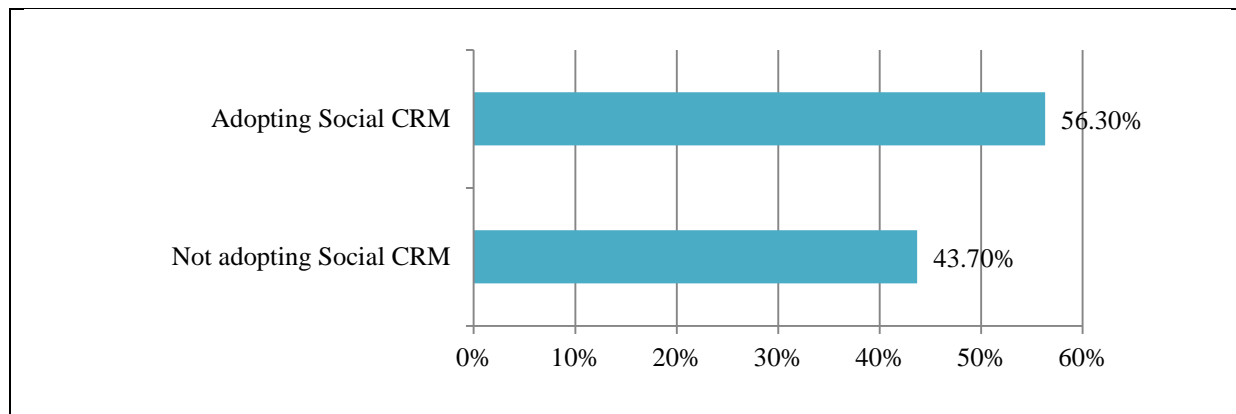


Figure 4.1 Pattern of Social CRM adoption

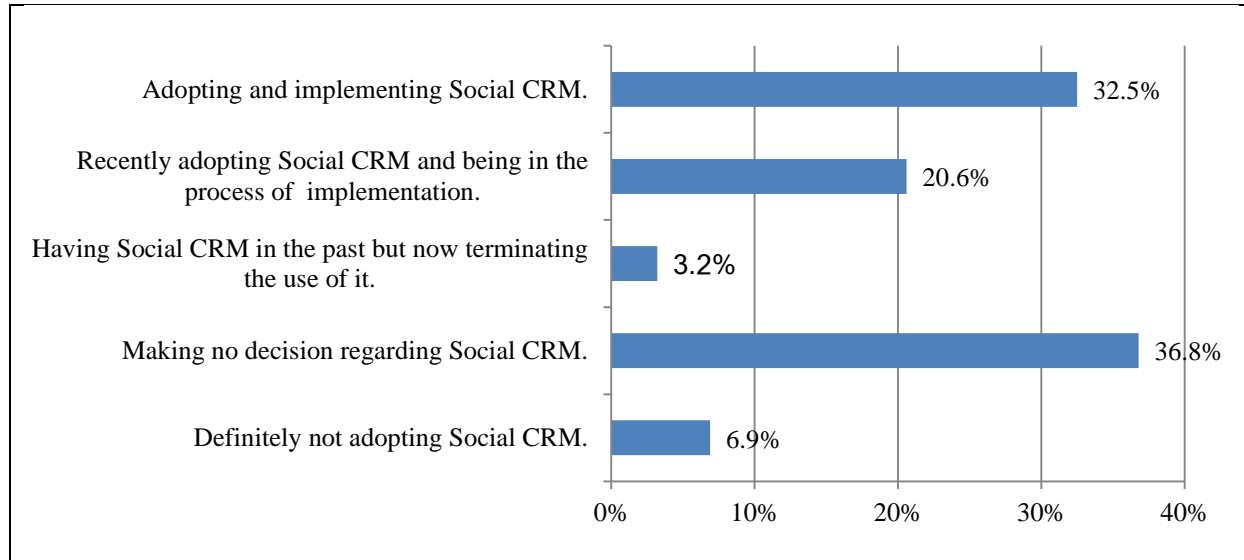


Figure 4.2 Pattern of Social CRM engagement by level of adoption

4.4.1 Social CRM engagement by size and sector

Table 4.3 presents the distribution of companies that adopted, and did not adopt, Social CRM by company size and industry sector. The share of companies adopting Social CRM slightly increased with the size of the company, where 61.3 per cent of large companies adopted Social CRM, compared to 51.5 per cent of micro-sized companies. This could be because large companies (compared to smaller counterparts) have more expertise and knowledge and better access to financial and human resources to handle the difficulties associated with Social CRM. However, it should be noted that chi-square test did not detect a positive size effect ($\chi^2 = 5.01$, $p = 0.171$), which could reflect the fact that this test did not control for any other factors that could confound the findings.

The industry sector to which companies belong mattered for Social CRM adoption ($\chi^2 = 33.65$, $p = 0.009$). The three sectors with the highest share of companies adopting Social CRM were arts and recreation services (69.4 per cent of companies within the sector), retail trade (67.5 per cent), accommodation and food services (67.1 per cent) and agriculture, forestry and fishing (63.2 per cent). These findings suggested that these sectors were likely to be among the first group of companies in Australia that moved towards Social CRM and that perhaps realised the strategic

opportunities offered by such initiative. Sectors with the lower share of Social CRM adopters (less than 50 per cent of companies within the sector) included mining (30 per cent), rental, hiring and real estate services (42.9 per cent), manufacturing (43.4 per cent), wholesale trade (46.9 per cent), and construction (47.1 per cent). This may be due to less reliance on company to customer sales.

Table 4.3: Distribution of Social CRM adopters and Non-Social CRM adopters by company size and industry sector

		<i>N</i>	<i>Percentage (%) of companies within each size class/sector</i>	
			Social CRM adopters	Non-Social CRM adopters
<i>Size</i>	Micro (under 5)	334	51.5	48.5
	Small (5-19)	223	58.8	41.2
	Medium (20-199)	400	57.8	42.3
	Large (200 or more)	93	61.3	38.7
	<i>Chi-square (df = 3)</i>	<i>5.01 (p = 0.171)</i>		
<i>Sector</i>	Agriculture, forestry and fishing	38	63.2	36.8
	Mining	10	30.0	70.0
	Manufacturing	106	43.4	56.6
	Electricity, gas, water and waste services	15	53.3	46.7
	Construction	68	47.1	52.9
	Wholesale trade	64	46.9	53.1
	Retail trade	154	67.5	32.5
	Accommodation and food services	79	67.1	32.9
	Transport, postal and warehousing	25	60.0	40.0
	Information media and telecommunications	115	55.7	44.3
	Financial and insurance services	41	53.7	46.3
	Rental, hiring and real estate services	21	42.9	57.1
	Professional, scientific and technical services	136	53.7	46.3
	Administrative and support services	24	50.0	50.0

Public administration and safety	13	53.8	46.2
Education and training	41	61.0	39.0
Health care and social assistance	61	59.0	41.0
Arts and recreation services	49	69.4	30.6
<i>Chi-square (df = 17)</i>		<i>33.65** (p = 0.009)</i>	

Figure 4.3 shows the uptake of Social CRM by broad industry sector. The two sectors with the highest share of companies adopting Social CRM were arts and recreation services (69.4 per cent) and retail, wholesale, accommodation and food services (63 per cent), whilst the natural resources sector had the lowest share of Social CRM adopters (6 per cent).

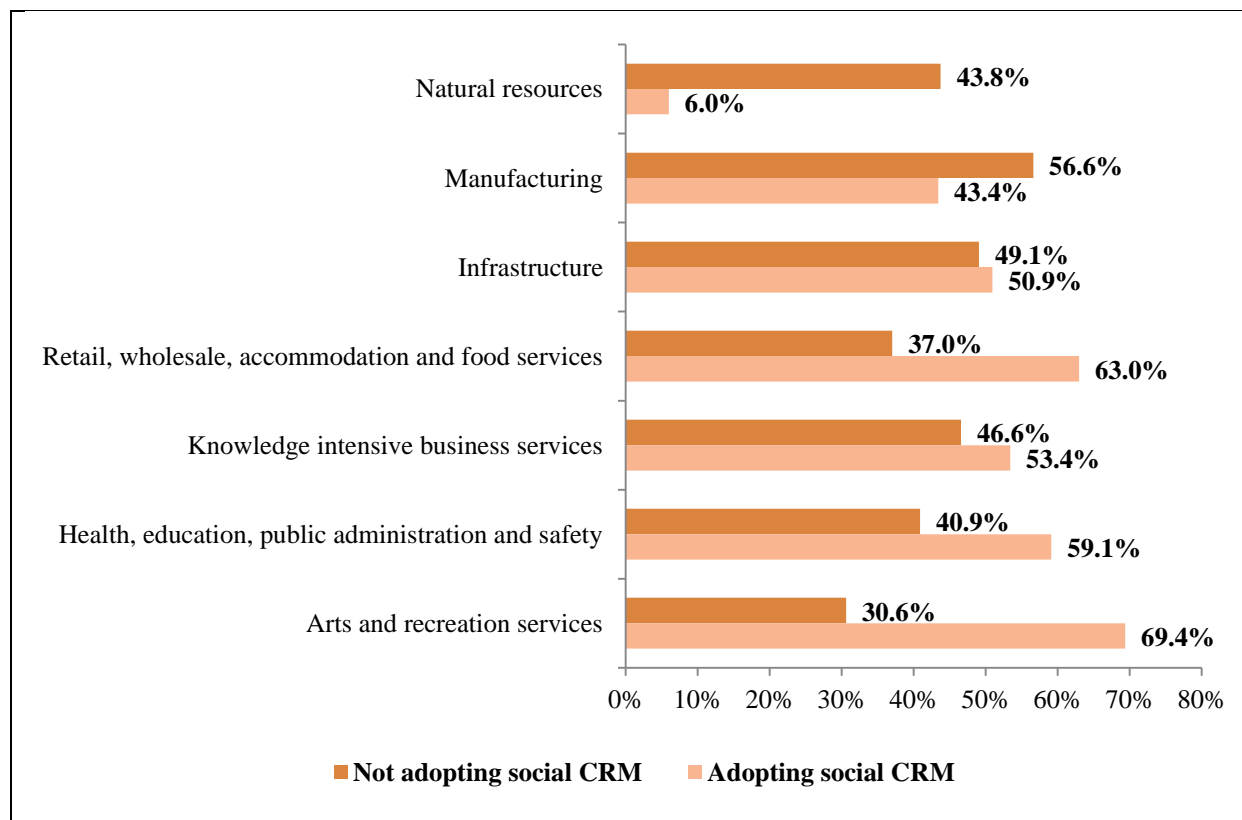


Figure 4.3 Social CRM engagement by broad industry sector

4.4.2 Social CRM engagement by location

Figure 4.4 provides the percentage of companies engaging and not engaging in Social CRM by location. There was very little difference in the share of Social CRM adopters between companies located in different locations, with the highest rate being in the Australia Capital Territory (65 per cent) and the lowest being in Tasmania (50 per cent).

Figure 4.5 shows the breakdown of Social CRM adoption by location for 597 companies that reported engagement in Social CRM. Of all the 597 Social CRM adopters, 32 per cent were located in New South Wales, 23 per cent in Victoria and 17 per cent in Queensland, whilst only 3 per cent were in the Australian Capital Territory and the Northern Territory.

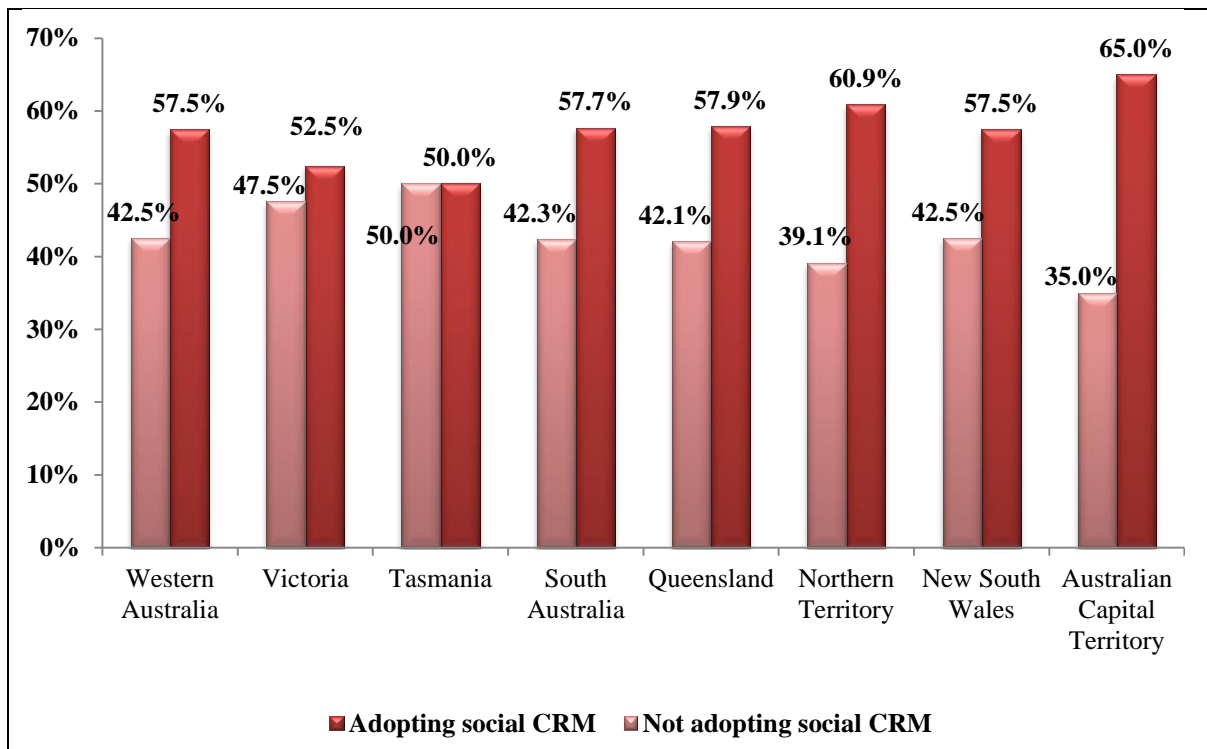


Figure 4.4 Social CRM engagement by location

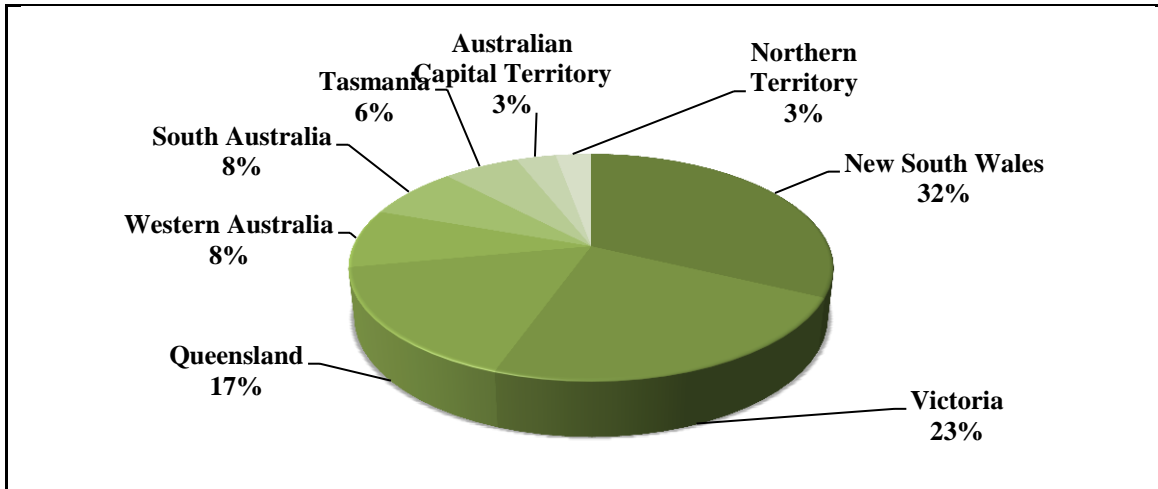


Figure 4.5: Distribution of Social CRM adopters by location

4.4.3 Social CRM engagement by market type

Figure 4.6 presents the percentage of Social CRM adopters by the type of important markets for a company's products or services. Of all the 597 companies that reported Social CRM adoption, 78.4 per cent sold their products or services to individual customers, 57.9 per cent sold to other companies, and 4.9 per cent sold to other divisions of their company. This suggested that most Social CRM in Australia tended to focus on business-to-customer (B2C) rather than business-to-business (B2B).

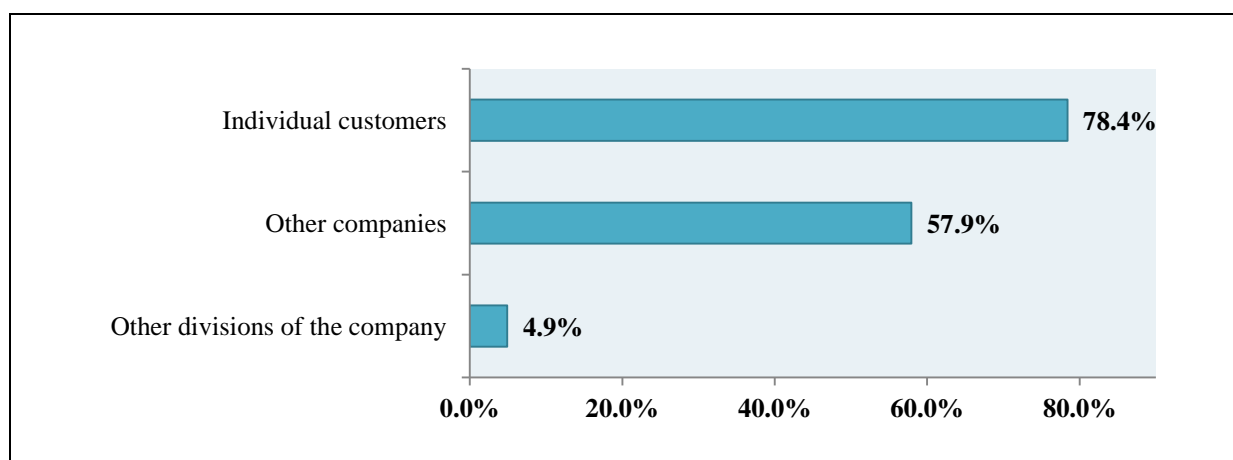


Figure 4.6: Share of Social CRM adopters by market type
(Multiple answers are possible so the sum of percentages does not add up to 100%)

Of interest, an initial chi-square test (without controlling for other factors) shown in Table 4.4 revealed that companies that served individual customers as an important market were significantly more likely to adopt Social CRM, compared to those that served other markets ($\chi^2 = 11.95$, $p = 0.001$). The type of markets served therefore tends to be an important factor determining adoption of Social CRM by Australian companies.

Table 4.4: Distribution of Social CRM adopters and non-adopters by market type

	<i>N</i>	<i>Percentage (%) of companies within each market type</i>	
		Social CRM adopters	Non-Social CRM adopters
Serving individual customers*	831	51.1	40.9
Not serving individual customers	229	46.3	53.7
<i>Chi-square (df=1)</i>	<i>11.95** (p = 0.001)</i>		

**Respondents may also report other companies and/or other divisions of their companies as important markets along with individual customers.*

4.5 Preliminary findings

As some of the survey questions were not asked of all respondents, the preliminary (descriptive) findings reported in this section need to be divided into two subsections in relation to the two groups of companies: Social CRM adopters and non-Social CRM adopters.

4.5.1 Findings limited to ‘Social CRM Adopters’

As mentioned earlier, of 1,060 respondents, 597 (56.3 per cent) reported that their companies had engaged in Social CRM in one of the three forms: having adopted/implemented Social CRM; recently adopting Social CRM and in the process of implementation; and having Social CRM in the past but now terminating the use of it. Only these 597 Social CRM adopters were subsequently asked nine sets of questions, covering: the duration of experience in managing Social CRM; workplace conditions for Social CRM; objectives for Social CRM engagement;

barriers/obstacles to Social CRM implementation; Social CRM implementation-related activities; methods of sourcing and implementing a company's Social CRM system; benefits of Social CRM implementation; Web 2.0 technologies employed in association with Social CRM; and social networking sites (SNSs) used in relation to Social CRM. In what follows, each set of questions is discussed.

4.5.1.1 Duration of experience in managing Social CRM

Figure 4.7 shows the breakdown of Social CRM adopters by the four categories of duration of a company's experience with the management of Social CRM. Of all the 597 companies reporting Social CRM adoption, 75 per cent indicated that they had engaged in Social CRM for less than three years, of which 28 per cent had less than one-year experience in managing such strategy. Seventeen per cent of respondents reported their engagement in Social CRM for three years or more but less than five years, while 8 per cent reported five years or more of engagement.

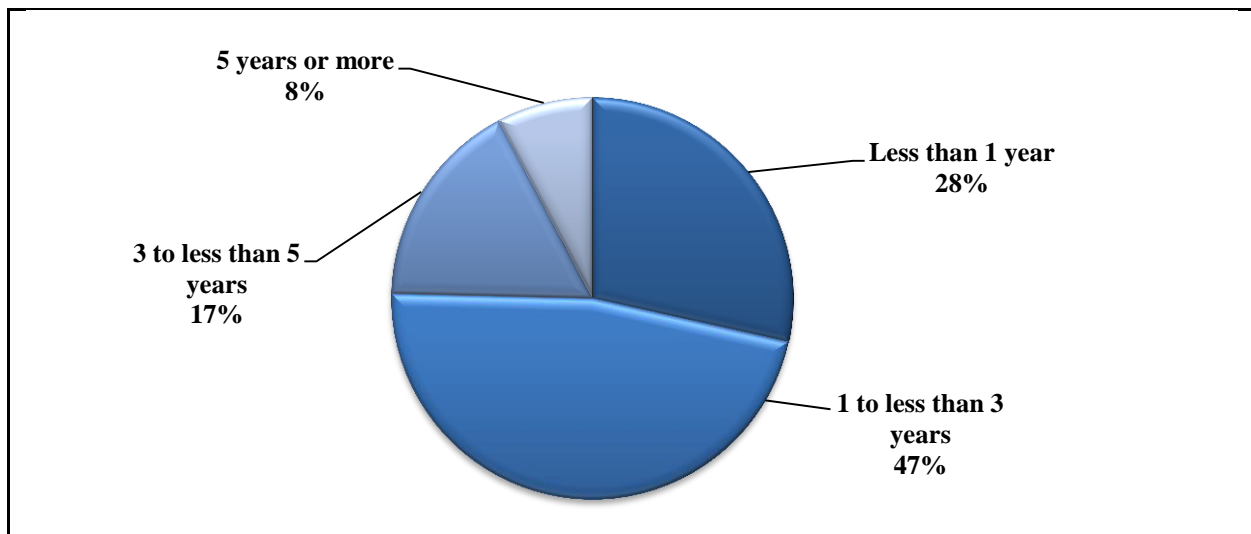


Figure 4.7: Duration of experience in managing Social CRM

4.5.1.2 Workplace conditions for Social CRM

All companies with Social CRM adoption were asked to rate their level of agreement with 7 statements of relevance to workplace conditions for Social CRM using a scale ranging from 'strongly disagree' to 'strongly agree'. Figure 4.8 gives the distribution of responses for three

broad categories of level of agreement: ‘agree or strongly agree’, ‘neither agree nor disagree’ and ‘disagree or strongly disagree’. Of all 597 Social CRM adopters, 71.7 per cent indicated the presence of strong support from their senior management for Social CRM initiatives. Interestingly, although about 70 per cent of respondents agreed or strongly agreed that the implementation and execution of their Social CRM initiatives was still a learning process (78.7 per cent) and their knowledge/understanding of such initiatives was as yet limited (66.5 per cent), only 38.2 per cent of them indicated that their company placed a ‘high priority’ on the learning and development of employees in implementing Social CRM.

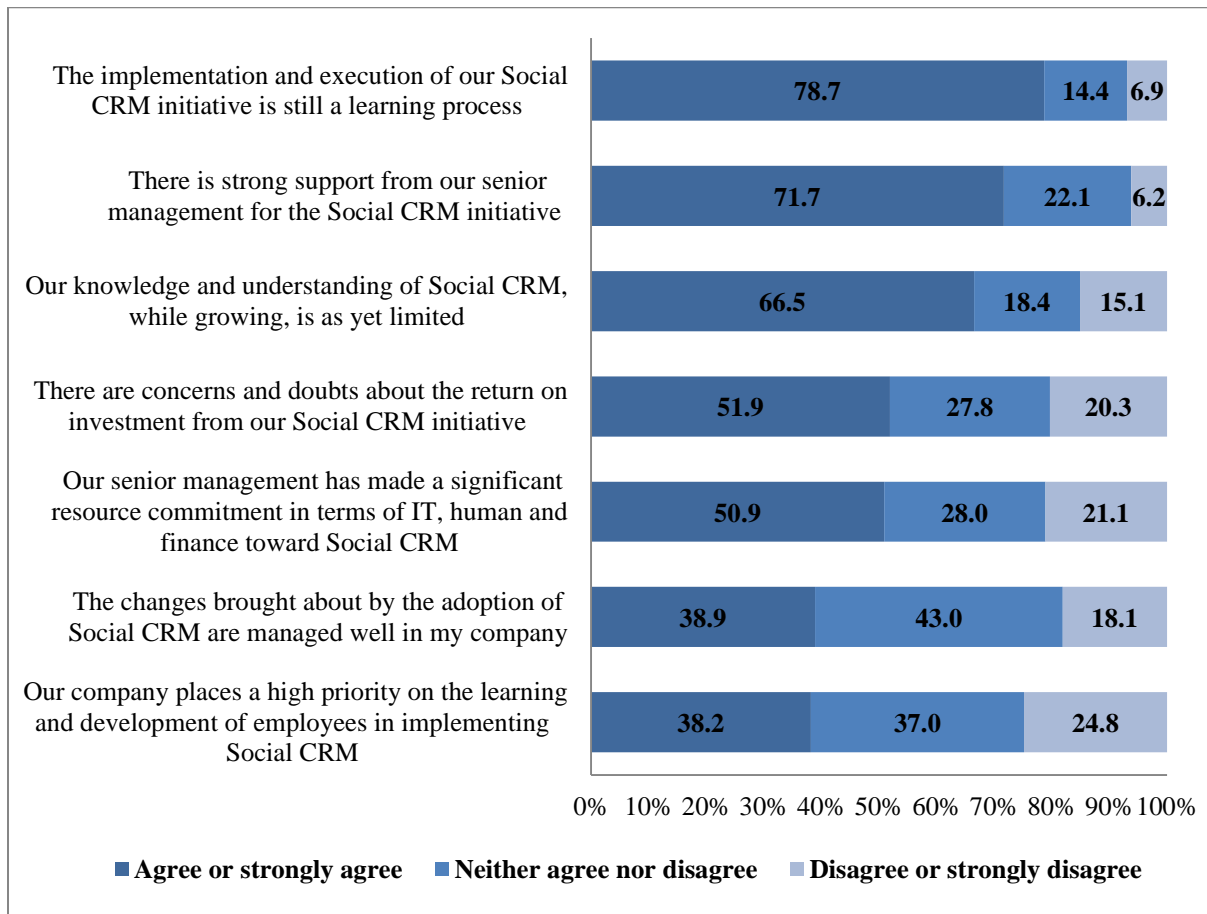


Figure 4.8: Workplace conditions for Social CRM by level of agreement

Given that a response to items on workplace conditions for Social CRM may be associated with the size of the company and the duration of a company’s experience with the management of

Social CRM, the researcher conducted additional cross-tabulations with chi-square tests to determine the presence of such associations (see Table 4.5). Overall, simple cross-tabulations, which did not control for any other factors, revealed a positive size effect ($p < 0.05$, $df=3$) on all items. Especially, two items on workplace conditions: senior management making a significant resource commitment e.g. IT, human and finance toward Social CRM ($\chi^2 = 26.99$, $df=3$), and concerns and doubts about the return on investment (ROI) from such initiative ($\chi^2 = 24.34$, $df=3$), revealed most significant positive size effect ($p < 0.001$). In other words, respondents working in larger companies were more likely than those working in smaller companies to report significant investment in resources for Social CRM by their senior management, and to question or express concern about the financial benefits from such initiatives.

As shown in Table 4.5, the duration of experience in managing Social CRM mattered for the three items on workplace conditions: knowledge of Social CRM still being limited ($\chi^2 = 23.83$, $p < 0.001$), implementation and execution of Social CRM initiative still being a learning process ($\chi^2 = 18.20$, $p < 0.01$), and concerns about ROI from Social CRM ($\chi^2 = 9.77$, $p < 0.05$). This implied that in comparison to companies with less experience in managing Social CRM (proxied by length of time), companies with more experience in Social CRM were more likely to possess a capability of managing learning and knowledge associated with Social CRM and to have awareness of the financial benefits offered by such strategy.

Table 4.5: Social CRM adopters that gave ‘strongly agree’ or ‘agree’ response to workplace conditions by organisational characteristic

Percentage (%) of Social CRM adopters in each row category								
	N	Implementation and execution of Social CRM initiative is still a learning process	Strong support from senior management	Knowledge and understanding of Social CRM, while growing, is as yet limited	Concerns and doubts about the return on investment from Social CRM	Senior management makes a significant resource commitment (IT, human & finance) toward Social CRM	Changes brought about by the adoption of Social CRM are managed well in the company	Company places a high priority on the learning and development of employees in implementing Social CRM
Company size								
Micro (under 5)	172	79.7	70.9	67.4	45.9	48.8	37.2	36.6
Small (5-9)	137	82.5	74.5	68.6	50.4	51.1	29.9	29.9
Medium (20-199)	231	77.1	68.4	64.9	53.7	53.1	43.7	42.0
Large (200 or more)	57	71.9	80.7	64.9	66.7	54.4	45.6	43.9
Chi-square (df = 3)		17.92*	18.47*	13.05*	24.34***	26.99 ***	15.54*	14.86*
Duration of experience in Social CRM								
Less than 1 year	170	81.8	70.6	74.1	55.9	45.3	34.1	40.0
1 to less than 3 years	280	81.1	70.7	69.3	53.2	52.5	40.0	37.9
3 to less than 5 years	101	77.2	73.3	58.4	51.5	48.5	36.6	30.7
5 years or more	46	54.3	78.3	39.1	30.4	65.2	54.3	45.7
Chi-square (df = 3)		18.20**	1.34	23.83***	9.77*	6.42	6.62	3.73

* $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$

4.5.1.3 Objectives for Social CRM engagement

Respondents were asked to rate eight possible objectives in relation to their company's decision to adopt Social CRM. Figure 4.9 shows the ratings as reported for these objectives by four categories of degree of importance: 'very high', 'high', 'medium', and 'low or not important'. The three objectives most often rated by 80 per cent or more of Social CRM adopters in the category of very high or high importance were: strengthening the company's brand; establishing, building and enhancing trust-based relationships with customers; and building/enhancing customer loyalty. Reducing customer service costs was the objective rated least often by Social CRM adopters (42.1 per cent) in the category of very high or high importance; similarly, it was also the objective rated most often by Social CRM adopters (38.9 per cent) in the category of low or no importance (almost double the rating of the next objective in this category).

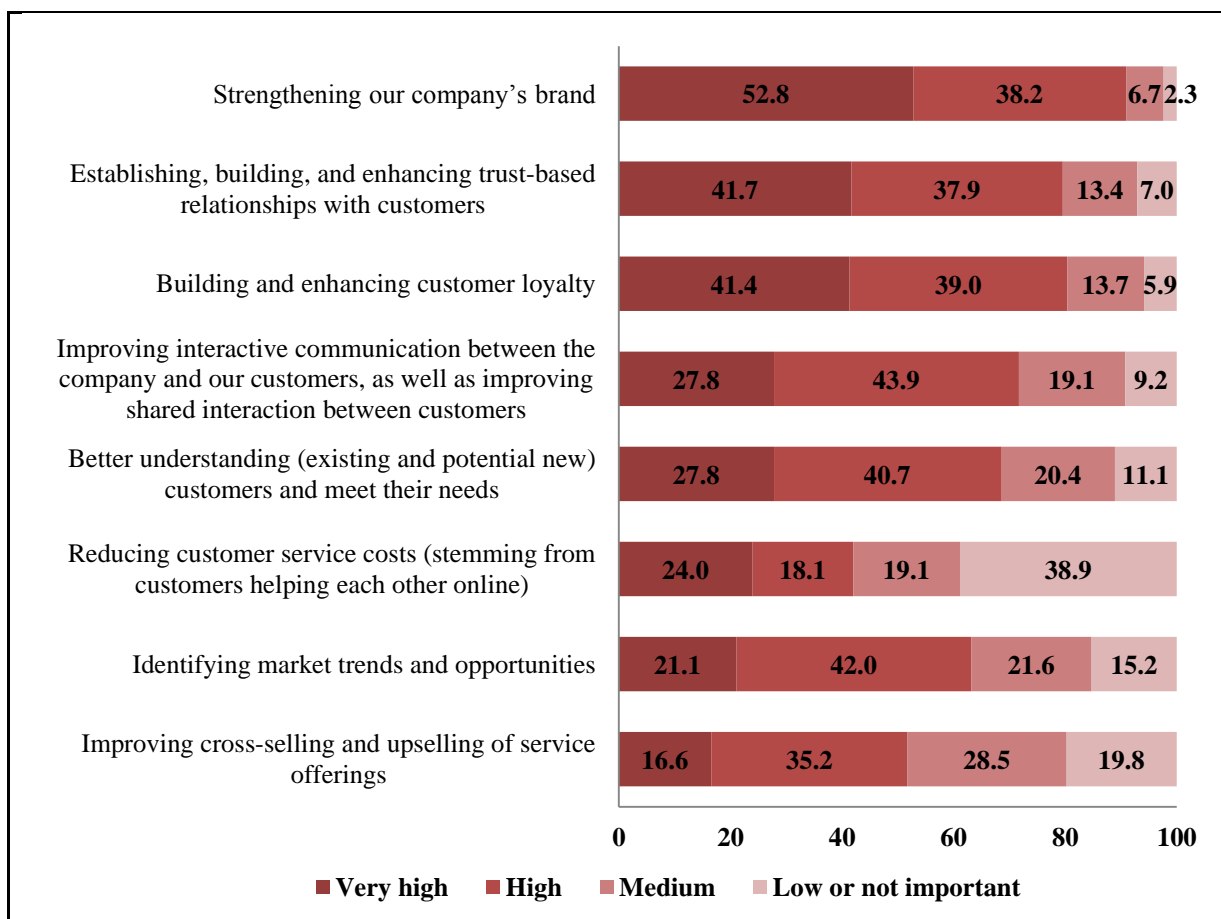


Figure 4.9: Objective for Social CRM engagement by degree of importance

Table 4.6 provides a detailed picture by organisational characteristic of the percentage of Social CRM adopters that rated each objective in the category of very high or high importance. With the exception of the brand strengthening objective, chi-square tests revealed a significant size effect across all objectives. Specifically, the larger the companies the more likely they were to report the two objectives – building customer loyalty ($\chi^2 = 27.11$ $p < 0.001$) and improving interactive communication between the company and its customers ($\chi^2 = 27.84$, $p < 0.001$) – as having very high or high importance. Interestingly, medium companies most often reported the four objectives as having very high or high importance in adopting Social CRM, including: establishing trust-based relationships with customers 86.6 per cent ($\chi^2 = 12.80$, $p < 0.01$); better understanding customers and meeting their needs 79.7 per cent ($\chi^2 = 12.15$, $p < 0.01$); identifying market trends and opportunities 73.6 per cent ($\chi^2 = 10.21$, $p < 0.05$) and improving cross-selling and upselling of service offerings 61.9 per cent ($\chi^2 = 13.21$, $p < 0.01$). The objective of reducing customers service costs was reported by a minority of micro-sized and small companies (26.2 per cent and 29.9 per cent respectively) ($\chi^2 = 13.68$, $p < 0.01$).

On the possibility of sectoral differences, the data show these were small and not significant for almost all of the objectives with the two exceptions: strengthening the company's brand ($\chi^2 = 16.54$, $p < 0.05$) and building customer loyalty ($\chi^2 = 14.01$, $p < 0.05$). The knowledge intensive business services (KIB) sector had the lowest share of companies reporting the former (82.7 per cent) but the highest share reporting the latter (93.9 per cent). The type of market served mattered for the decision to adopt Social CRM. Specifically, with one exception about improving cross-selling and upselling of service offerings, companies that served individual customers were significantly more likely than those that served other markets to report each objective as having very high or high importance in adopting Social CRM (χ^2 ranging from 3.61 to 9.17).

Table 4.6: Social CRM adopters that rated objectives as ‘very high’ or ‘high’ in importance by organisational characteristic

Percentage (%) of Social CRM adopters in each row category									
	N	Strengthening our company's brand	Establishing, building, and enhancing trust-based relationships with customers	Building and enhancing customer loyalty	Improving interactive communication between the company and our customers, as well as improving shared interaction between customers	Better understanding (existing and potential new) customers and meeting their needs	Reducing customer service costs (stemming from customers helping each other online)	Identifying market trends and opportunities	Improving cross-selling and upselling of service offerings
Company size									
Micro (under 5)	172	87.2	73.3	73.3	65.1	61.6	26.2	60.5	41.3
Small (5-9)	137	90.5	74.5	74.5	65.7	59.1	29.9	59.1	50.4
Medium (20-199)	231	92.6	86.6	87.4	80.5	79.7	58.4	73.6	61.9
Large (200 or more)	57	93.0	82.5	87.7	80.7	64.9	50.9	64.9	43.9
Chi-square (df = 3)		11.14*	12.80**	27.11***	27.84**	12.15**	13.68**	10.21*	13.21**
Sector									
Natural resources	27	90.5	96.3	88.9	81.5	70.4	59.3	66.7	55.6
Manufacturing	46	91.5	69.6	78.3	71.7	65.2	43.5	58.7	39.1
Infrastructure	55	92.7	76.4	76.4	65.5	81.8	49.1	67.3	56.4
Retail/wholesale	187	94.9	81.3	90.9	74.3	67.4	37.4	64.7	54.0
KIB	180	87.2	76.1	93.9	70.6	65.0	40.0	67.8	47.8
Health/education	68	92.6	82.4	83.8	75.0	70.6	15.6	61.8	57.4
Arts/recreation services	34	88.2	88.2	91.7	76.8	67.6	41.2	73.5	52.9
Chi-square (df = 6)		16.54*	11.38	14.01*	3.62	6.05	6.75	2.89	5.95
Market type									
Individual customers	491	92.5	81.1	82.7	73.3	71.1	44.2	65.2	52.7
Non-individual customers	106	84.0	72.6	69.8	64.2	56.6	31.1	53.8	47.2
Chi-square (df = 1)		7.66***	3.80*	9.17***	3.61*	8.47**	5.26**	4.87**	1.09

* $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$

4.5.1.4 Barriers to Social CRM implementation

Respondents were asked to rate the importance of each of twelve factors as constraints on, or barriers to, Social CRM implementation. Figure 4.10 gives the distribution of responses for five categories of degree of importance: ‘very high’, ‘high’, ‘medium’, ‘low’, and ‘factor not experienced’. The factors cited by the highest percentages of Social CRM adopters as having very high or high importance were: time consuming to manage and monitor social networking sites (60.7 per cent), lack of information on how to effectively implement Social CRM (36.5 per cent), and lack of qualified personnel or insufficient skills (33.2 per cent). Notably, a majority of Social CRM adopters indicated that they had little or no experience of technological barriers (64 per cent), high financial costs (56.3 per cent), and misuse of social media tools by employees (54.8 per cent) as impediments to Social CRM implementation.

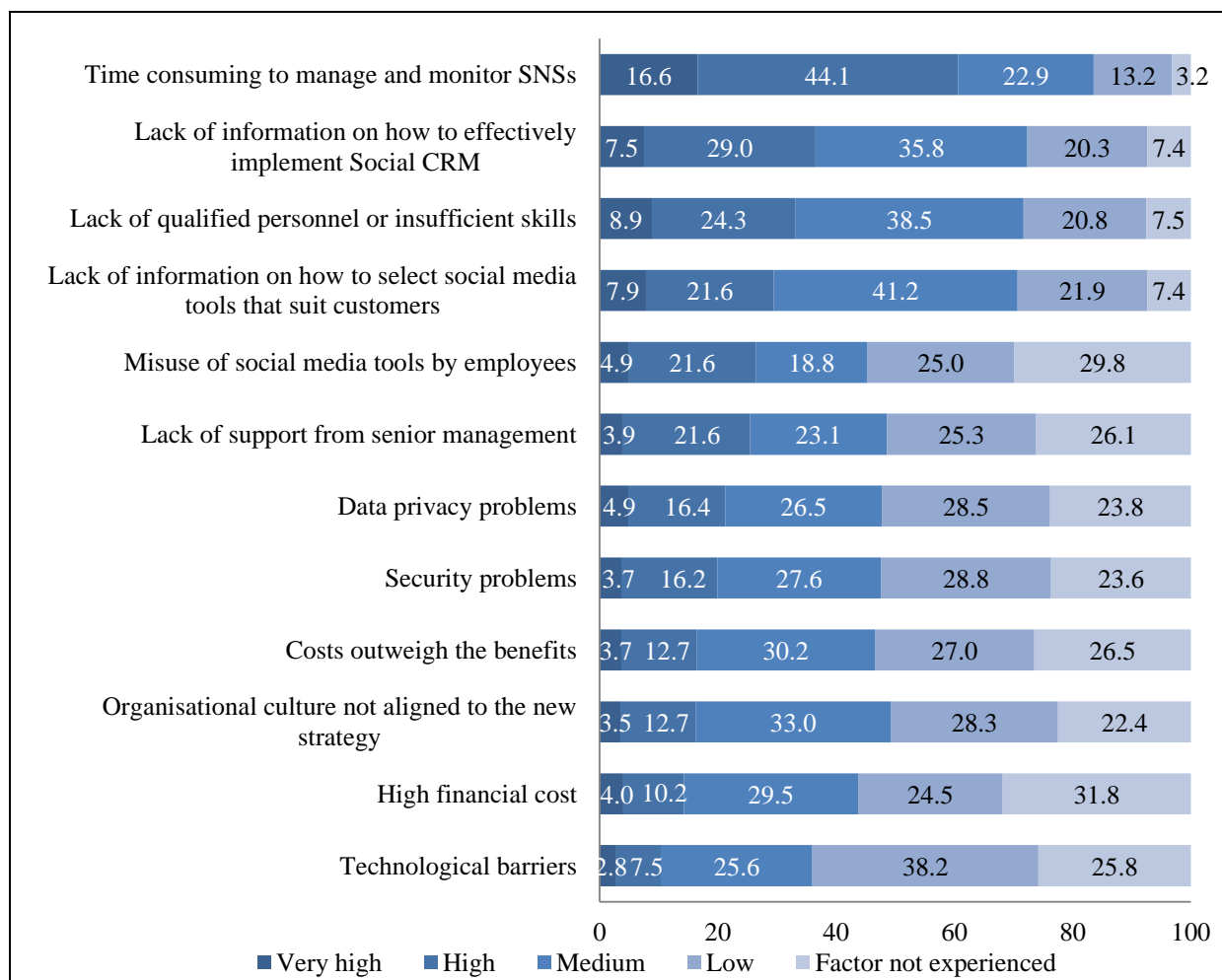


Figure 4.10: Barriers to implementing Social CRM by degree of importance

Table 4.7 provides a detailed picture by organisational characteristic of the percentage of Social CRM adopters that rated the importance of each factor as having very high or high importance as a barrier to Social CRM. Chi-square tests revealed a significant positive size effect ($p < 0.05$) on five factors as barriers: misuse of social media tools by staff ($\chi^2 = 70.60$); lack of support from senior management ($\chi^2 = 20.05$); data privacy problems ($\chi^2 = 26.01$); security problems ($\chi^2 = 33.36$); and organisational culture not aligned to the new strategy ($\chi^2 = 8.24$). Larger companies were more likely than smaller companies to report these factors as having very high or high importance as barriers to Social CRM implementation. The gap was the largest for the misuse by staff of social media tools, where the share of large of companies reporting this factor as barriers was more than five times higher than that of micro companies.

The three factors as barriers with significant sectoral effects ($p < 0.05$) were: time consuming to manage and monitor SNSs ($\chi^2 = 13.46$); lack of information on how to effectively implement Social CRM ($\chi^2 = 15.54$); and technological barriers ($\chi^2 = 12.15$). Health, education, public administration and safety had the highest share of companies citing these factors as critical obstacles to Social CRM implementation. No statistically significant effect of the duration of experience in managing Social CRM was detected. With regard to market type, B2C market-oriented Social CRM adopters (those serving individual customers) most often reported lack of information on how to select appropriate social media tools ($X^2 = 8.05$), data privacy problems ($X^2 = 10.86$), and security problems ($X^2 = 8.80$) at $p < 0.05$.

Table 4.7: Social CRM adopters that rated factors as barriers with ‘very high’ or ‘high’ importance by organisational characteristic

		Percentage (%) of Social CRM adopters in each row category											
	N	Time consuming to manage and monitor SNSs	Lack of info on how to effectively implement Social CRM	Lack of qualified personnel or insufficient skills	Lack of info on how to select social media tools that suit customers	Misuse of social media tools by employees	Lack of support from senior management	Data privacy problems	Security problems	Costs outweighing benefits	Organisational culture not aligned to the new strategy	High financial cost	Techno barriers
Company size													
Micro (under 5)	172	55.8	29.1	26.7	25.0	5.8	12.2	8.7	6.4	19.2	8.7	17.4	7.6
Small (5-9)	137	59.9	30.7	27.7	19.7	10.9	17.5	9.5	10.2	18.2	9.5	13.1	8.0
Medium (20-199)	231	64.1	27.3	19.9	19.9	36.8	29.0	23.4	23.8	13.9	16.0	12.6	7.8
Large (200 or more)	57	63.2	31.6	26.3	22.8	33.3	29.8	28.1	29.8	14.0	19.3	14.0	5.3
Chi-square (df = 3)		3.00	0.70	3.98	1.90	70.60***	20.05***	26.01***	33.36***	2.63	8.24*	2.12	0.49
Sector													
Natural resources	27	51.9	11.1	22.2	25.9	18.5	7.4	11.1	7.4	14.8	14.8	14.8	0.0
Manufacturing	46	73.9	37.0	28.3	21.7	23.9	26.1	10.9	13.0	21.7	19.6	17.4	4.3
Infrastructure	55	61.8	32.7	21.8	18.2	27.3	21.8	14.5	12.7	16.4	9.1	10.9	9.1
Retail/wholesale	187	59.9	29.4	28.3	24.6	20.3	24.1	13.9	13.9	19.3	10.7	16.0	8.0
KIB	180	55.0	22.8	23.9	16.1	20.6	19.4	19.4	19.4	11.7	13.9	10.6	5.0
Health/education	68	75.0	42.6	17.6	27.9	23.5	22.1	22.1	23.5	20.6	11.8	14.7	16.2
Arts/recreation services	34	52.9	29.4	17.6	23.5	20.6	23.5	17.6	14.7	11.8	14.7	23.5	8.8
Chi-square (df = 6)		13.46*	15.54*	4.77	6.56	1.80	5.00	5.40	7.21	6.45	3.78	5.79	12.15*
Market type													
Individual customers	491	60.1	30.5	24.6	23.8	21.8	23.0	18.7	18.3	17.3	13.6	15.1	7.9
Non-individual customers	106	63.2	21.7	22.6	11.3	20.8	15.1	5.7	6.6	12.3	8.5	10.4	5.7
Chi-square (df = 1)		0.35	3.31	0.19	8.05*	0.05	3.22	10.86**	8.80*	1.61	2.08	1.57	0.65
Duration of experience in Social CRM													
Less than 1 year	170	61.2	33.5	21.2	20.6	20.0	20.6	14.1	12.9	15.9	14.7	12.4	7.6
1 to less than 3 years	280	61.4	28.6	26.4	23.2	25.4	25.0	20.0	19.3	14.6	13.2	13.6	6.1
3 to less than 5 years	101	61.4	25.7	23.8	22.8	13.9	16.8	12.9	14.9	22.9	7.9	18.8	10.9
5 years or more	46	52.2	21.7	23.9	13.0	21.7	15.2	10.9	13.0	15.2	13.0	15.2	8.7
Chi-square (df = 3)		1.49	3.41	1.61	2.60	6.16	4.47	5.23	3.75	3.69	2.76	2.36	2.58

* $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$

4.5.1.5 Social CRM implementation-related activities

The list of Social CRM implementation-related activities reported as undertaken by respondents is shown in Table 4.8. The three most common activities reported by Social CRM adopters were monitoring SNSs for comments and conversations regarding the company (72.9 per cent), learning about social media in the context of customers (64.3 per cent), and regularly and systematically listening and/or responding to customer comments and conversations on social media regarding the company and its products and services (50.9 per cent). The two least frequently cited Social CRM activities were evaluating/measuring the impact of social media on company findings (33 per cent) and developing organisational policies/guidelines for the use by staff of SNSs in response to customer comments (33.2 per cent). The lesser focus on these two activities could be because of the lack of time and limited knowledge/expertise to effectively select and manage social media tools or SNSs to meet customer needs. Limited time and knowledge, according to the earlier findings (Figure 4.10), were major constraints on implementing Social CRM reported by the highest share of Social CRM adopters.

Table 4.9 presents the number of Social CRM implementation-related activities reported by Social CRM adopters, with the possible values ranging from 1 to 9. Around 40 per cent of Social CRM adopters reported between one and three activities related to their Social CRM implementation; 43.5 per cent reported between four and six activities; 11.7 reported seven or eight activities; and 4.9 per cent reported use of all the nine Social CRM implementation-related activities. As might be expected, the chi-square findings shown in Table 4.10 revealed that the number of activities directed to Social CRM increased significantly with the size of company ($\chi^2 = 44.83, p < 0.001$) and with the duration of experience in managing Social CRM ($\chi^2 = 24.80, p < 0.001$). Sectoral differences were small and not significant.

Table 4.8: Social CRM implementation-related activities

<i>Activity</i>	<i>N</i>	<i>Percentage (%) of Social CRM adopters</i>
-Monitoring social media sites for comments and conversations regarding our company	435	72.9
-Learning about social media in the context of our customers	384	64.3
-Regularly and systematically listening to and possibly responding to customer comments and conversations on social media regarding our company and its products and service	304	50.9
-Proactively looking for new ways of using social media to engage with customers.	294	49.2
-Using social media sites to collaborate and co-create content with our customers in order to increase brand engagement	254	42.5
-Planning and identifying ways of analysing and aggregating data from social media in order to yield summary usable data regarding our customers and our products and services	228	38.2
-Finding ways to use the data that we have uncovered in conversations and/or that our customers have volunteered through their use of social media	207	34.7
-Developing organisational policies and guidelines for the use of social media by employees in responding to or joining customer comments and conversations	198	33.2
-Evaluating or measuring social media's impact on company results	197	33.0
<i>All Social CRM adopters</i>	<i>597</i>	<i>100.0</i>

Table 4.9: Number of Social CRM implementation-related activities

<i>Number of Social CRM implementation-related activities</i>	<i>N</i>	<i>Percentage (%) of Social CRM</i>
1 activity	75	12.6
2 activities	68	11.4
3 activities	95	15.9
4 activities	107	17.9
5 activities	97	16.2
6 activities	56	9.4
7 activities	46	7.7
8 activities	24	4.0
9 activities	29	4.9
<i>All Social CRM adopters</i>	<i>597</i>	<i>100.0</i>

Table 4.10: Number of Social CRM implementation-related activities by organisational characteristic

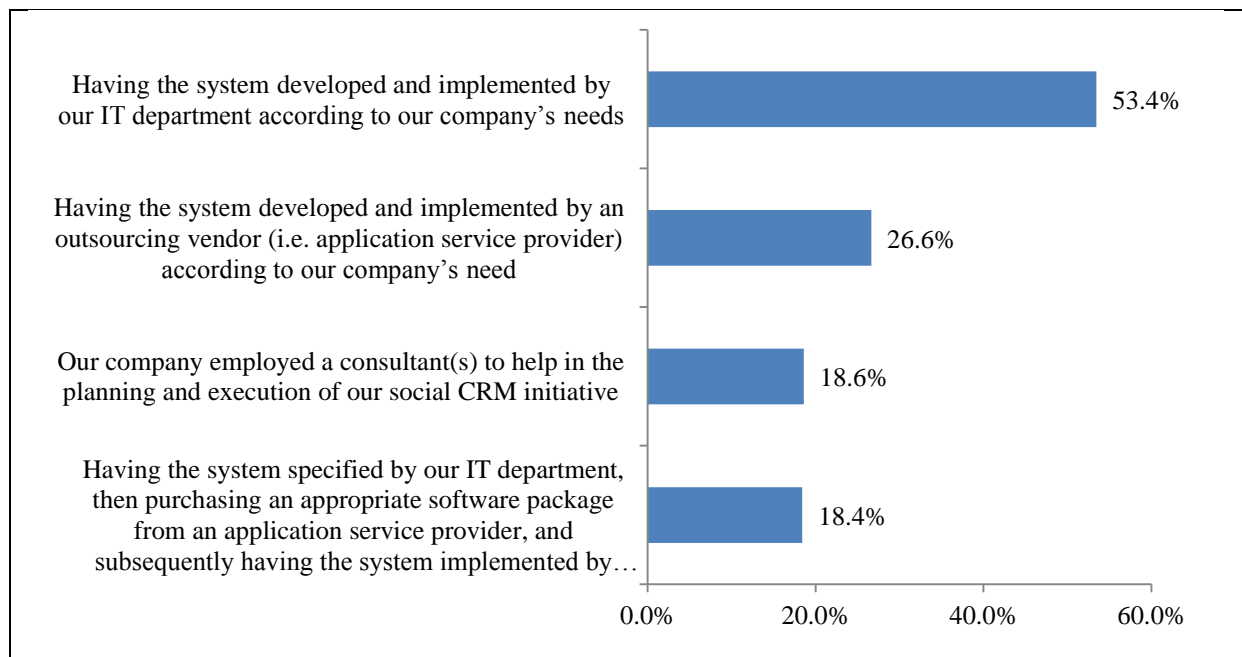
	N	Number of Social CRM implementation-related activities (% in each row category)		
		1-3	4-6	7-9
Company size				
Micro (under 5)	172	50.0	32.0	18.0
Small (5-9)	137	50.4	33.6	16.1
Medium (20-199)	231	32.9	53.7	13.4
Large (200 or more)	57	12.3	61.4	26.3
Chi-square (df = 3)		44.83***		
Sector				
Natural resources	27	37.0	51.9	11.1
Manufacturing	46	50.0	41.3	8.7
Infrastructure	55	49.1	36.4	14.5
Retail/wholesale	187	36.9	44.4	18.7
KIB	180	40.6	41.7	17.8
Health/education	68	36.8	44.1	19.1
Arts/recreation services	34	32.4	55.9	11.8
Chi-square (df = 6)		9.75		
Duration of experience in Social CRM				
Less than 1 year	170	47.6	43.5	8.8
1 to less than 3 years	280	39.6	44.6	15.7
3 to less than 5 years	101	35.6	39.6	24.8
5 years or more	46	21.7	45.7	32.6
Chi-square (df = 3)		24.80***		

* $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$

4.5.1.6 Methods of sourcing and implementing a Social CRM system

In order to develop and/or implement a Social CRM system, companies may adopt one or more of the following methods: (i) use the company's IT department to develop and implement the system according to the company's needs [*in-house*]; (ii) outsource system development and implementation to an external vendor i.e. application service provider [*outsourcing vendor*]; (iii) have the system specified by the company's IT department, then purchase an appropriate software package from an application service provider, and subsequently allocate responsibility for implementation to the company's IT department [*outsourcing vendor for developing & in-house for implementing*]; and (iv) employ consultants to manage the planning and execution of the company's Social CRM initiative [*consultants*].

Respondents were asked to answer specific questions on each of the above methods in order to determine the extent to which external assistance was used in the development and implementation of Social CRM. The findings are shown in Figure 4.11. Over half (53.4 per cent) of Social CRM adopters indicated that system development and implementation occurred *in-house*; and only 26.6 per cent used an *outsourcing vendor*. Less than one-fifth of respondents reported the use of *consultants* to assist in the planning/execution of Social CRM system (18.6 per cent), or the purchase of Social CRM software from an external source and implementation by the company's IT department i.e. *outsourcing vendor for developing & in-house for implementing* (18.4 per cent). These findings show a clear preference and reliance by respondents on the use of in-house methods and resources for Social CRM implementation.



**Figure 4.11: Methods of sourcing and implementing a Social CRM system
(% of Social CRM adopters)**

(Multiple answers are possible so the sum of percentages does not add up to 100%)

Table 4.11 provides a detailed picture by organisational characteristic of the percentage of Social CRM adopters for each method of sourcing/implementing Social CRM. Developing and implementing a Social CRM system *in-house* was the most common method used across the four categories of company size; however, the *in-house* method was reported more often

by micro-sized and small companies compared to medium and large companies ($X^2 = 10.25$, $p < 0.01$).

Table 4.11: Methods of sourcing and implementing a Social CRM system by organisational characteristic

	N	Percentage (%) of respondents in each row ^a			
		In-house (developing/ implementing)	Outsourcing vendor (developing/ implementing)	Consultants (planning and execution)	Outsourcing vendor (developing) & In-house (implementing)
Company size					
Micro (under 5)	172	57.0	19.8	21.5	9.9
Small (5-9)	137	62.0	19.0	19.0	13.9
Medium (20-199)	231	45.9	34.2	12.6	26.4
Large (200 or more)	57	52.6	35.1	33.3	22.8
<i>Chi-square (df = 3)</i>		<i>10.25**</i>	<i>17.11***</i>	<i>14.73***</i>	<i>20.76***</i>
Sector					
Natural resources	27	48.1	33.3	11.1	22.2
Manufacturing	46	58.7	32.6	26.1	13.0
Infrastructure	55	58.2	20.0	20.0	16.4
Retail/wholesale	187	50.8	26.2	23.0	15.0
KIB	180	59.4	21.1	13.3	21.7
Health/education	68	47.1	35.3	17.6	17.6
Arts/recreation services	34	38.2	38.2	17.6	29.4
<i>Chi-square (df = 6)</i>		<i>8.71</i>	<i>10.47</i>	<i>8.52</i>	<i>6.80</i>
Duration of experience in Social CRM					
Less than 1 year	170	45.9	26.5	22.9	20.0
1 to less than 3 years	280	54.6	28.2	16.1	17.9
3 to less than 5 years	101	53.5	29.7	14.9	18.8
5 years or more	46	73.9	10.9	26.1	15.2
<i>Chi-square (df = 3)</i>		<i>11.81**</i>	<i>6.69</i>	<i>5.94</i>	<i>0.66</i>

^aMultiple answers are possible so the sum of percentages does not add up to 100%

* $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$

As shown in Table 4.11, the *outsourcing vendor* method ($X^2 = 17.11$) and the *outsourcing vendor for developing & in-house for implementing* method ($X^2 = 20.76$) were reported most often by medium-sized and large companies ($p < 0.001$). Interestingly, the *consultants* method to plan and manage implementation of Social CRM ($\chi^2 = 14.73$, $p < 0.001$) was often used not only by large companies (33.3 per cent) but also micro-sized companies (21.5 per

cent), compared to small and medium companies. The presence of slack financial resources in large companies and the lack of knowledge and expertise in micro-sized companies could explain these findings. The longer the duration of a company's experience with Social CRM, the more often the *in-house* method was reported ($\chi^2 = 11.81, p < 0.01$). No sectoral effects were detected for any of the four methods of Social CRM implementation.

4.5.1.7 Benefits of Social CRM implementation

Respondents were asked to report the benefits of Social CRM implementation by rating the 'positive' effect for each of eight specified outcomes. Figure 4.12 gives the distribution of responses for five categories of level of positive effect: 'very high', 'high', 'medium', 'low', and 'no effect'. A very high or high positive effect on brand perception/reputation, customer loyalty/retention, customer advocacy of the company and its products/services, and long-term trust-based relationships with customers, were the most frequently reported outcomes (more than 20% of Social CRM adopters). Interestingly, if these findings are juxtaposed with the data on Social CRM objectives (Figure 4.9), which show 80 per cent or more of respondents identified these outcomes as being of very high or high importance, it suggests a substantial gap between what was expected in terms of outcomes and what was delivered. In contrast, the data in Figure 4.12 show that over half of Social CRM adopters reported a low or no positive effect on sales revenue through cross-selling/upselling (61.2 per cent), and on costs of customer services (55.6 per cent); these findings are consistent with the data on objectives (Figure 4.9) which show these two specific objectives rated as having low or no importance by the highest percentage of Social CRM adopters.

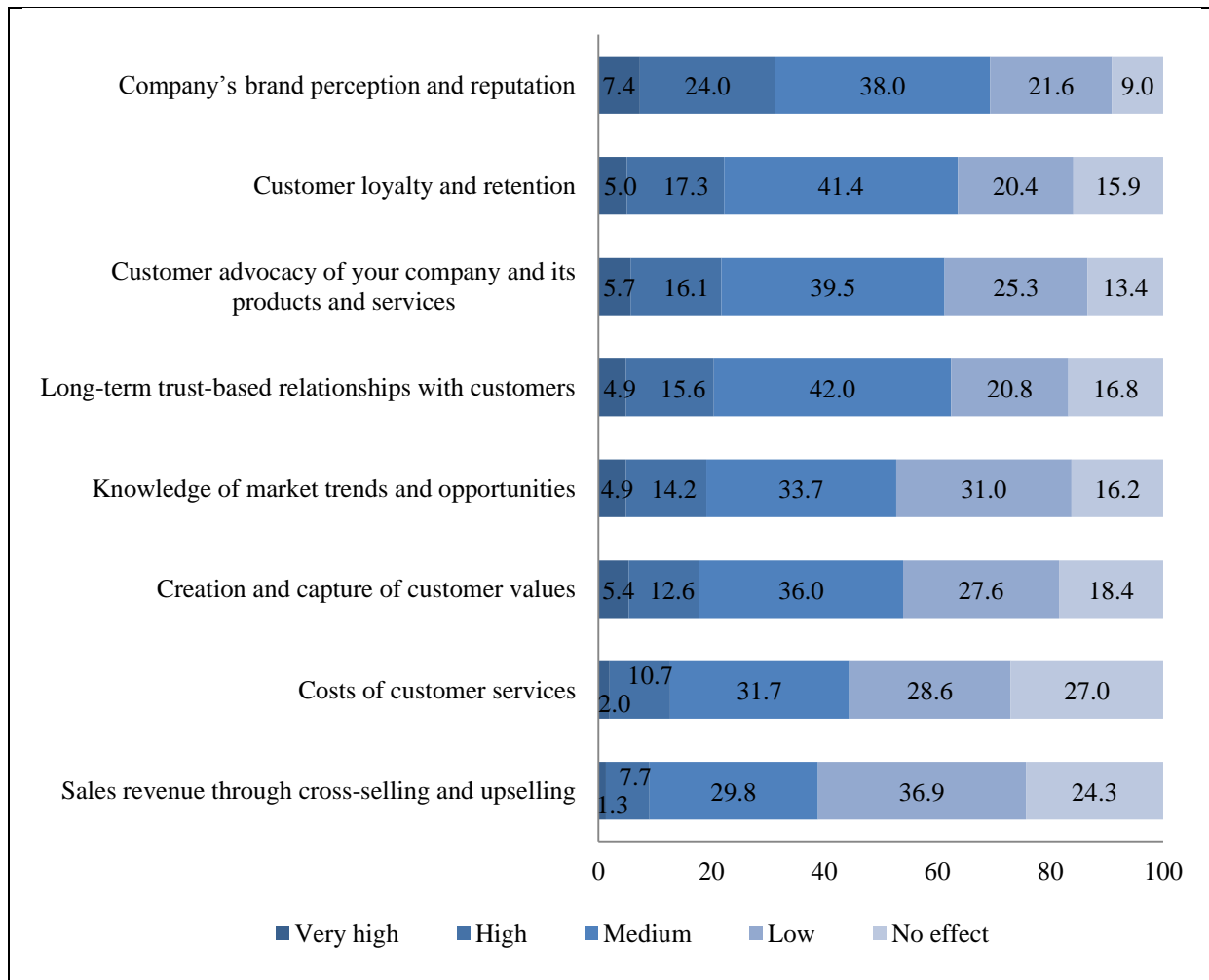


Figure 4.12: Outcomes of Social CRM by level of 'positive' effect

Table 4.12 provides a detailed picture by organisational characteristic of the percentage of Social CRM adopters that rated the level of benefit which is the positive effect on each outcome as being very high or high. Medium and large companies, more often than micro-sized and small companies, reported a benefit from Social CRM in relation to customer services costs ($\chi^2 = 18.78$, $p < 0.001$). Sectoral differences were small and only significant ($p < 0.05$) for a benefit for customer loyalty and retention ($\chi^2 = 14.05$), in which the retail/wholesale and arts/recreation services sectors had the highest share of companies reporting this outcome (29.9 per cent and 26.5 per cent respectively).

In terms of type of market served, B2C market-oriented Social CRM adopters were significantly ($p < 0.05$) more likely to report the benefits for customer loyalty and retention ($\chi^2 = 3.84$), long-term trust-based relationships with customers ($\chi^2 = 4.14$), customer values

creation ($\chi^2 = 3.81$), and customer services costs ($\chi^2 = 4.35$), as compared to B2B market-oriented Social CRM adopters. Chi-square tests also showed a significant positive association between the duration of a company's experience in managing Social CRM and the positive effect on five of the eight outcomes, including: customer loyalty, customer advocacy, long-term trust-based relationships, market trends knowledge, and cross-selling/upselling revenue. These findings support the view that the benefits of Social CRM are likely to accrue over the long-term.

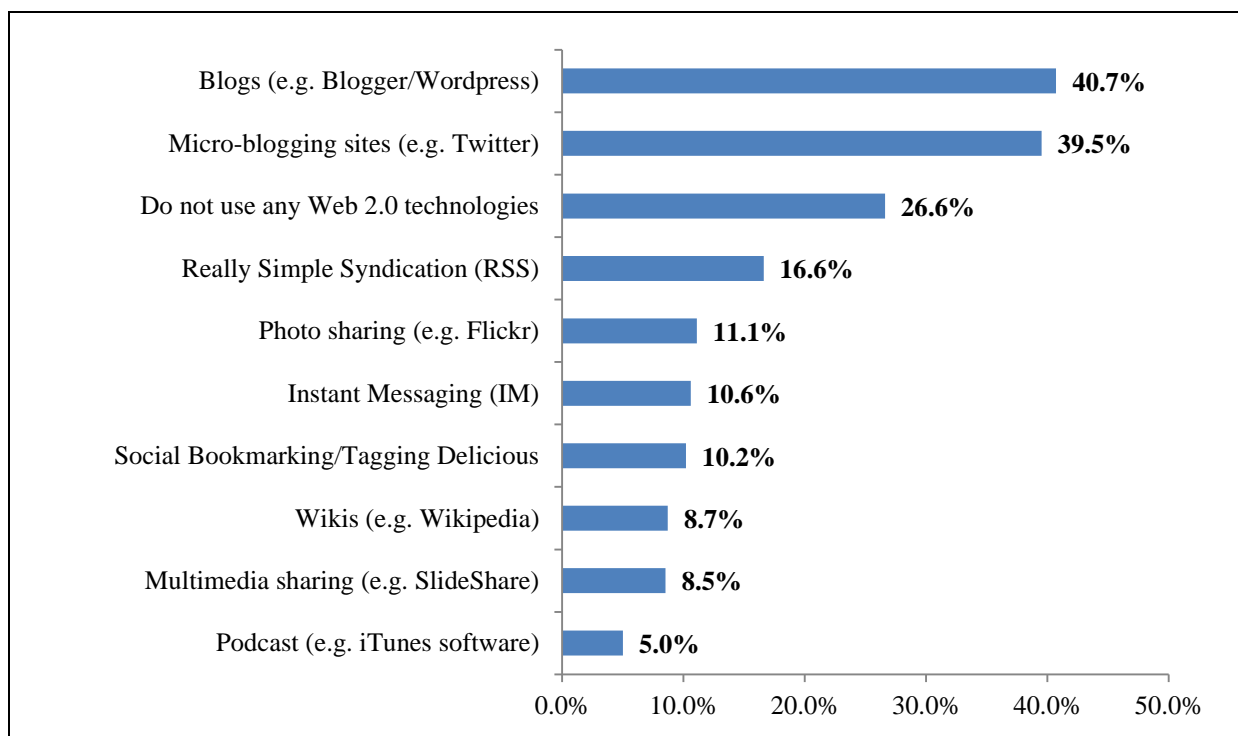
Table 4.12: Social CRM adopters that rated the level of benefit as ‘very high’ or ‘high’ in effect by organisational characteristic

<i>Social CRM having ‘very high’ or ‘high’ positive effect on: (% in each row category)</i>									
	N	Company’s brand perception and reputation	Customer loyalty and retention	Customer advocacy of your company and its products and services	Long-term trust-based relationships with customers	Knowledge of market trends and opportunities	Creation and capture of customer values	Costs of customer services	Sales revenue through cross-selling and upselling
Company size									
Micro (under 5)	172	14.0	18.0	20.9	19.8	18.6	14.0	7.0	7.6
Small (5-9)	137	21.9	19.0	27.7	19.0	22.6	21.9	8.8	11.7
Medium (20-199)	231	17.7	25.5	19.9	20.8	17.3	17.7	16.0	6.9
Large (200 or more)	57	21.1	29.8	17.5	24.6	19.3	21.1	15.0	14.0
<i>Chi-square (df = 3)</i>		0.15	5.95	4.00	0.84	1.60	3.69	18.78***	4.66
Sector									
Natural resources	27	25.9	7.4	14.8	22.2	22.2	7.4	14.8	3.7
Manufacturing	46	26.1	13.0	13.0	13.0	13.0	15.2	10.9	4.3
Infrastructure	55	32.7	16.4	27.3	9.1	18.2	21.8	9.1	3.6
Retail/wholesale	187	34.2	29.9	25.7	26.2	17.6	23.0	13.4	10.2
KIB	180	32.2	21.1	21.1	19.4	21.1	17.2	12.2	11.7
Health/education	68	25.0	19.1	16.2	17.6	20.6	11.8	13.2	7.4
Arts/recreation services	34	32.4	26.5	23.5	26.5	20.6	11.8	17.6	8.0
<i>Chi-square (df = 6)</i>		3.08	14.05*	6.82	10.97	2.16	8.78	1.77	6.23
Market type									
Individual customers	491	32.8	23.8	22.6	22.0	20.2	19.3	14.1	9.4
Non-individual customers	106	24.5	15.1	17.9	13.2	14.2	11.3	6.6	7.5
<i>Chi-square (df = 1)</i>		2.76	3.84*	1.12	4.14*	2.04	3.81*	4.35*	0.35
Duration of experience in Social CRM									
Less than 1 year	170	24.1	14.1	14.1	10.0	10.6	13.5	7.6	5.3
1 to less than 3 years	280	32.5	23.9	22.1	22.5	28.6	18.2	15.0	8.2
3 to less than 5 years	101	35.6	26.7	28.7	26.7	26.7	18.8	12.9	12.9
5 years or more	46	41.3	32.6	32.6	32.6	26.1	30.4	17.4	17.4
<i>Chi-square (df = 3)</i>		7.29	10.97*	11.89**	19.76***	10.82*	7.19	6.15	8.96*

* $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$

4.5.1.8 Web 2.0 technologies used with Social CRM

Social CRM can use Web 2.0 technology platforms to collaborate on both the operational and social aspects of interaction. Respondents were asked to identify Web 2.0 technologies used in association with their company's Social CRM. As shown in Figure 4.13, approximately 40 per cent of all Social CRM adopters reported the use of blogs and micro-blogging sites in relation to their Social CRM. Wiki, multimedia sharing and podcast were the least common Web 2.0 technologies used in conjunction with Social CRM, each cited by less than 10 per cent of Social CRM adopters. Around 27 per cent of Social CRM adopters reported no Web 2.0 technologies being used in relation to their Social CRM initiatives.



**Figure 4.13: Web 2.0 technologies used in association with Social CRM
(% of Social CRM adopters)**

4.5.1.9 Social networking sites (SNSs) used with Social CRM

All of the 597 Social CRM adopters indicated the use of one or more social networking sites (SNSs) in association with their Social CRM initiatives. The list of SNSs used with Social CRM reported by Social CRM adopters is shown in Figure 4.14. Facebook dominates the social media space (cited by 88.3 per cent), followed by Google+ (53.1 per cent), LinkedIn

(51.8 per cent), Twitter (50.3 per cent) and YouTube (44.1 per cent). Socialcam and other (Pinterest, Vimeo and Tumblr) were the least common SNSs employed with Social CRM, cited by 1.7 per cent and 5.2 per cent respectively.

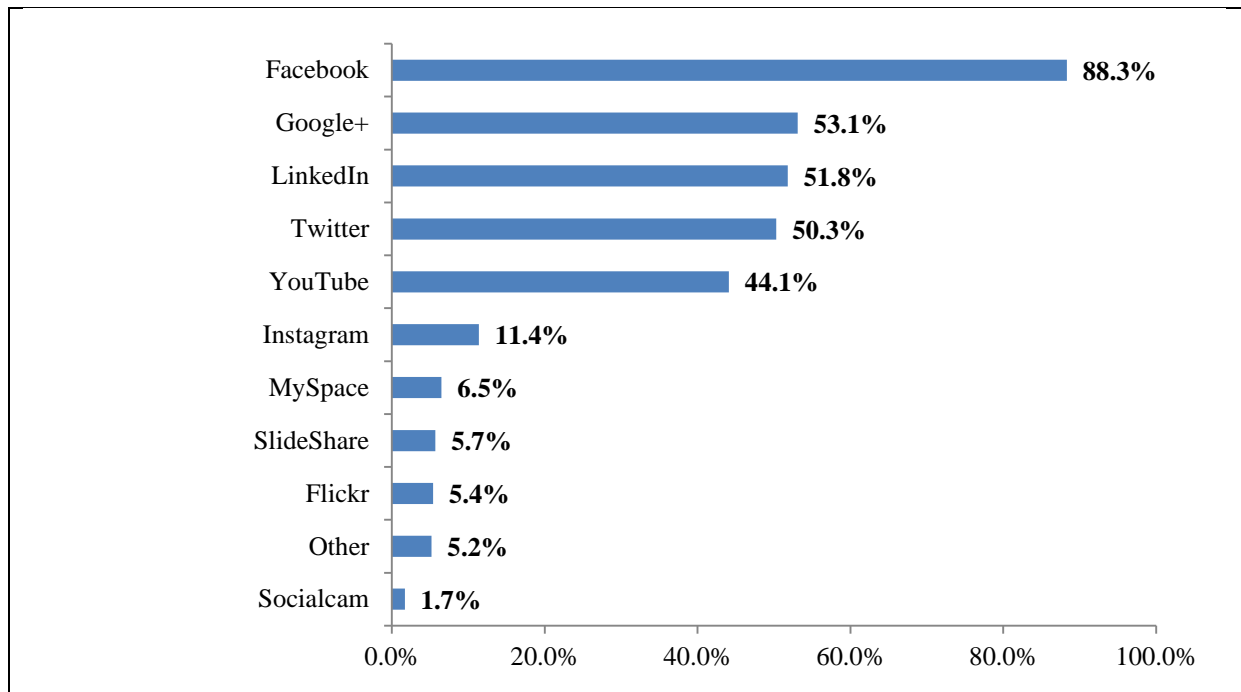


Figure 4.14: SNSs used with Social CRM (% of Social CRM adopters)

Table 4.13 shows the breakdown of SNSs used with Social CRM by company size. Facebook was dominantly used by over 80 per cent of companies in each size category, especially in large companies (of which 98.2 per cent reported the use of Facebook; $\chi^2 = 14.56$, $p < 0.001$). Google+ played an essential part for medium-sized companies ($\chi^2 = 23.24$, $p < 0.001$), whilst LinkedIn was widely used in association with Social CRM in micro- and small-sized companies ($\chi^2 = 39.40$, $p < 0.001$). The percentage of companies employing Twitter and YouTube with Social CRM increased with company size.

Table 4.13: SNSs used with Social CRM by company size

	Size of company (% within each size category)				Chi-square
	<i>Micro</i> (n=172)	<i>Small</i> (n=137)	<i>Medium</i> (n=231)	<i>Large</i> (n=57)	
Facebook	84.9	82.5	91.8	98.2	14.56***
Google+	41.9	46.7	64.5	56.1	23.24***
LinkedIn	62.2	64.2	35.9	54.4	39.40***
Twitter	43.6	48.2	52.8	64.9	8.78*
YouTube	38.4	36.5	46.8	68.4	19.84***
Instagram	11.6	12.4	10.8	10.5	0.27
MySpace	5.8	2.9	8.7	8.8	5.25

No findings are given for SlideShare, Flickr, Socialcam and Other to protect confidentiality.

p < 0.05; **p < 0.01; *p < 0.001*

Table 4.14 shows the number of SNSs used by Social CRM adopters, with the values ranging from 1 to 9 (no companies reporting 10-11 SNSs). Of all Social CRM adopters, 32.7 per cent reported the use of one or two SNSs in relation to their Social CRM, 48.3 per cent reported three or four SNSs, 18.0 per cent reported between five and seven SNSs, and only 1 per cent reported the use of eight or nine types of SNSs.

Table 4.14: Number of SNSs (Social CRM adopters)

<i>Breadth of SNS types</i>	<i>N</i>	<i>Percentage (%) of 597 Social CRM adopters</i>
1 SNS	80	13.4
2 SNSs	115	19.3
3 SNSs	164	27.5
4 SNSs	125	20.8
5 SNSs	74	12.4
6 SNSs	20	3.4
7 SNSs	13	2.2
8-9 SNSs*	6	1.0

**Results combined to protect confidentiality.*

4.5.2 Results limited to ‘Non-Social CRM Adopters’

Of 1,060 respondents, 463 (43.7 per cent) had not adopted Social CRM, either making no decisions on Social CRM adoption or deciding definitely not to adopt Social CRM. These

463 non-Social CRM adopters were subsequently asked two sets of questions: factors as barriers to Social CRM adoption; and social networking sites (SNSs) used to interact with customers (if having). For the latter, if the respondents indicated that their company did not use SNSs, the survey questionnaire provided them with a checklist of seven possible reasons. In what follows, each set of questions is discussed.

4.5.2.1 Barriers to Social CRM adoption

Non-Social CRM adopters were asked to rate the importance of each of the eleven factors as barriers to Social CRM adoption. Figure 4.15 gives the distribution of responses for five categories of degree of importance: ‘very high’, ‘high’, ‘medium’, ‘low’, and ‘factor not experienced’. Time-related and knowledge-related factors were rated by a majority of Non-Social adopters as potential factors deterring them from adopting Social CRM. Specifically, of 463 Non-Social CRM adopters, 68 per cent rated time consuming to manage and monitor SNSs as barriers with very high or high importance, whilst insufficient skills and a lack of information on how to effectively implement Social CRM were rated (by 41.9 per cent and 44.3 per cent respectively) as having very high or high importance. Interestingly, around a third of non-Social CRM adopters did not consider the misuse by employees of social media tools (35.9 per cent) and high financial cost (32.8 per cent) as factors preventing them from adopting Social CRM.

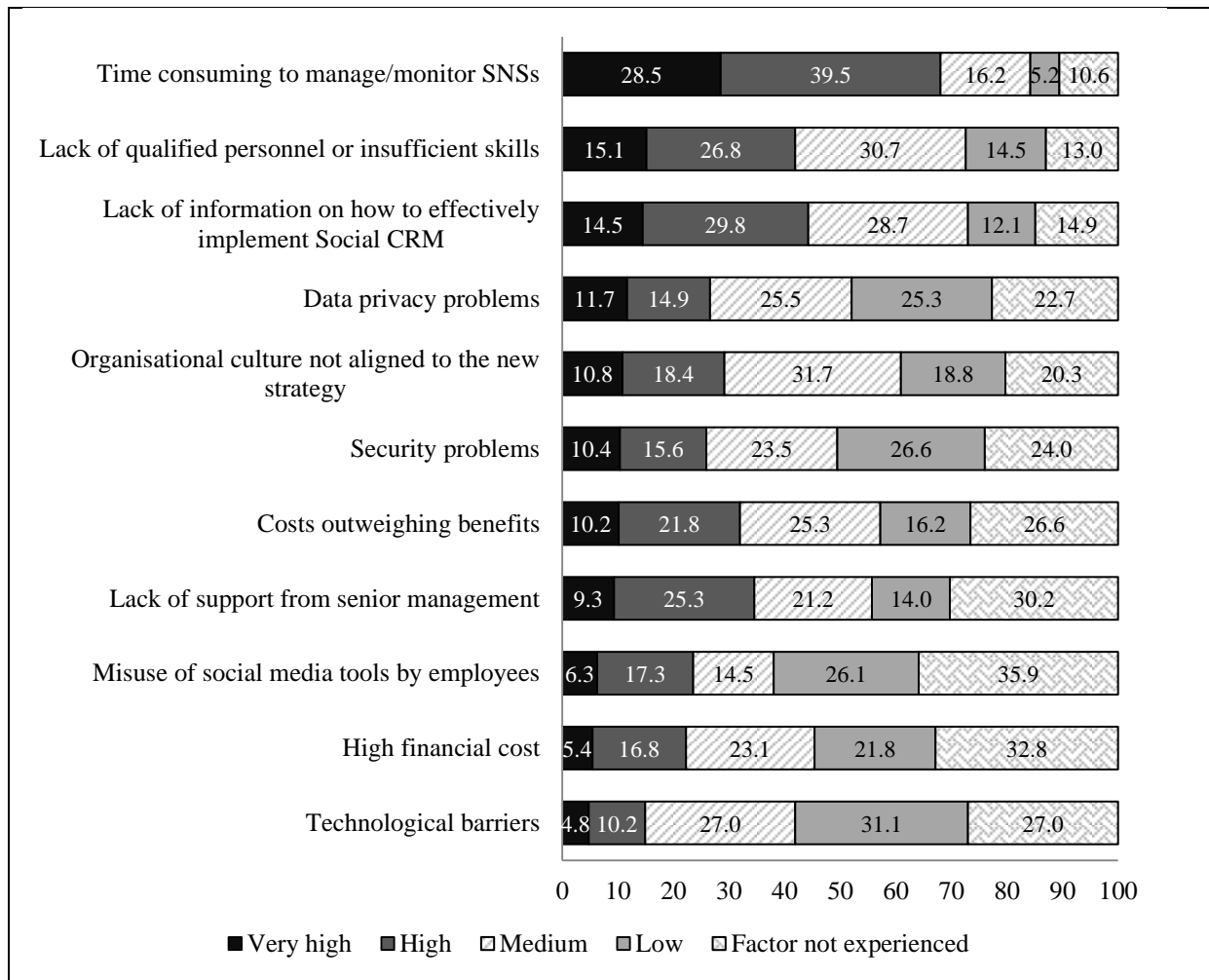


Figure 4.15: Barriers to adopting Social CRM by degree of importance (% of Non-Social CRM adopters)

4.5.2.2 Social networking sites (SNSs) used to interact with customers

Despite the non-adoption of Social CRM, companies can use social networking sites (SNSs) to interact with customers. Of 463 Non-Social CRM adopters, 34.3 per cent (159 companies) reported the use of at least one SNS to interact with customers. Facebook dominates the social media space (cited by 88.7 per cent of these 159 companies), followed by Google+ (43.4 per cent), YouTube (39 per cent), LinkedIn (37.1 per cent) and Twitter (28.3 per cent) – see Figure 4.16.

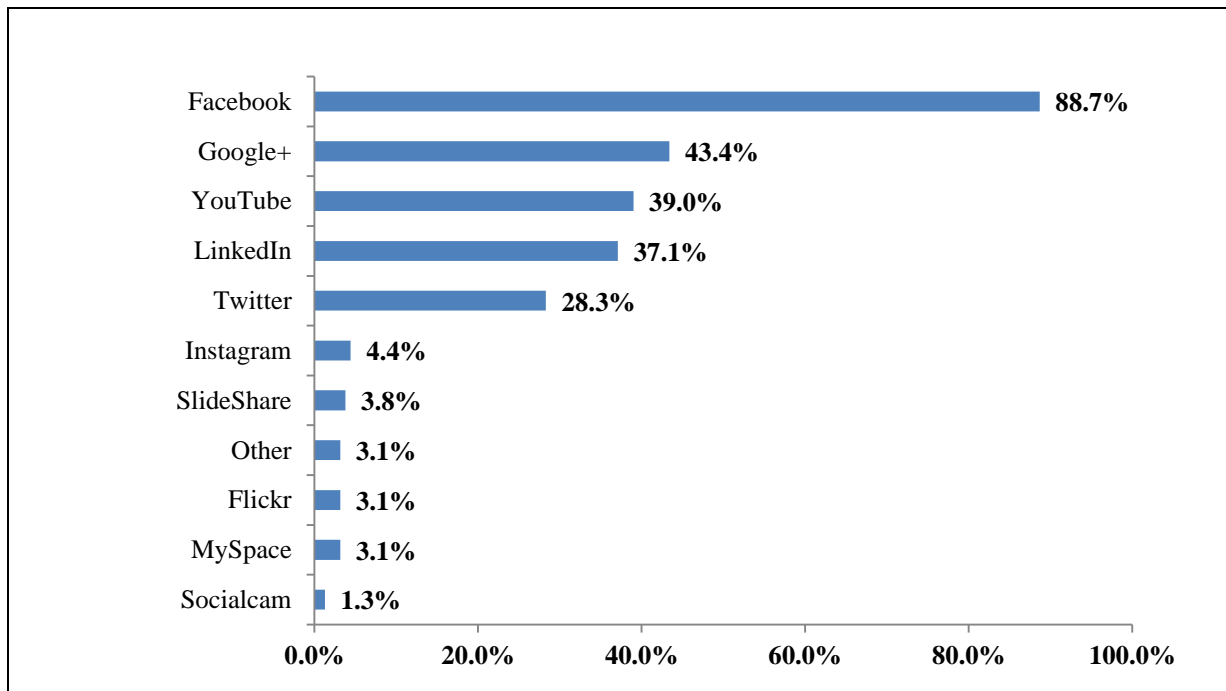


Figure 4.16: SNSs used by Non-Social CRM adopters to interact with customers
(% of Non-Social CRM adopters reporting at least one SNS)

Table 4.15 shows the number of SNSs used by Non-Social CRM adopters, with the values ranging from 1 to 8 (no companies reporting 9-10 SNSs). Out of a total of 159 Non-Social CRM adopters with at least one SNS, 23.3 per cent reported the use of one SNS, 29.6 per cent cited two SNSs, 26.4 per cent cited three SNSs, 15.1 per cent cited four SNSs, and 5.7 per cent cited between five and eight SNSs.

Table 4.15: Number of SNSs (Non-Social CRM adopters)

<i>Number of SNSs</i>	<i>N</i>	<i>Percentage (%) of Non-Social CRM adopters reporting at least one SNS</i>
1 SNS	37	23.3
2 SNSs	47	29.6
3 SNSs	42	26.4
4 SNSs	24	15.1
Between 5 and 8 SNSs*	9	5.7
<i>All Non-Social CRM with at least one SNSs</i>	<i>159</i>	<i>100</i>

*Results combined to protect confidentiality.

For the 304 non-Social CRM adopters that did not use any SNSs to interact with customers, the most common reason cited by 57.2 per cent was a lack of a good business case to invest resources in this activity (see Figure 4.17).

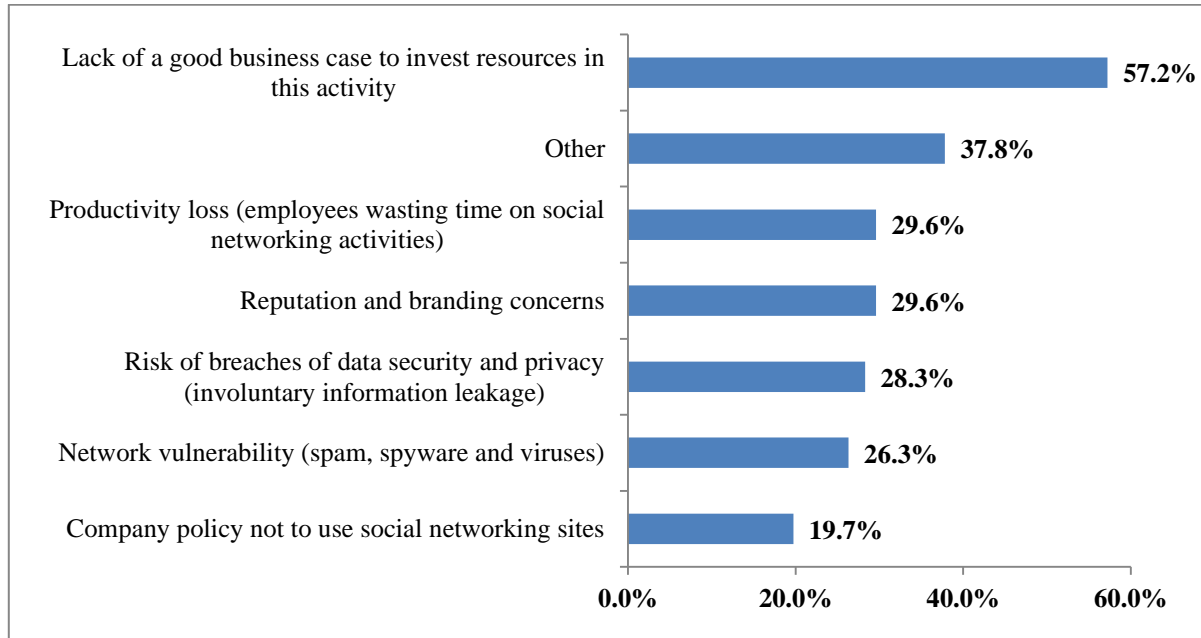


Figure 4.17: Reasons for not using SNSs given by Non-Social CRM adopters

4.6 Multivariate regression findings

The above descriptive findings are based on simple bivariate analyses (cross-tabulations with chi-square tests) that did not control for other factors that could confound the findings. For instance, companies in the retail/wholesale sector may be more likely to adopt Social CRM simply because they tend to have larger size, compared to companies in other industry sectors. Also, since retail/wholesale companies are more likely than other companies to serve individual customers as an important market for their products or services, it may thus simply be the type of market served (B2C) that makes companies in the retail/wholesale sector more

likely than those in other sectors to engage in Social CRM. In order to analyse the significance or otherwise of these influencing factors in a multivariate framework, a binary logit model will be estimated. This logit regression aims at investigating and evaluating what factors are associated with a company's decision to adopt Social CRM.

The logit model estimates the influence of a range of independent variables on a binary (0,1) dependent variable that indicates whether the company had adopted Social CRM (value 1) or not (value 0). The independent variables included in this model are factors that were asked in the survey of all respondents – both Social CRM adopters and Non-Social CRM adopters (see Table 4.16 for the list of variables included in the analysis). The parameters of a logit model are estimated via maximum likelihood (ML) estimation. The logit model is written as follows:

$$Y = \beta X_i + \varepsilon, \text{ where } y = 1 \text{ if } Y > 0, \text{ and } 0 \text{ otherwise}$$

$$\text{Prob}(y = 1) = 1 - F(-\beta X_i) = \frac{\exp(\beta X_i)}{1 + \exp(\beta X_i)}$$

where X_i is a vector of the independent variables for the i -th observation, β is the vector of coefficients, and ε represents the vector of the error terms of the estimated equation.

It is important to note that a logit model, as with other advanced regression models, does not prove causality (or discover causes) or that the model proposed is valid and reliable. Rather, it is a statistical technique for model creation that conveys information about the relationships or associations in the data, and for testing whether the proposed model is plausible. Following de Vaus (2001), the present research adopts the concept of ‘probabilistic’ (not deterministic) causation, arguing that a given factor could increase or decrease the probability of a particular outcome. On this basis, the findings of the relationships reported in this section cannot imply correctness or truth, and only plausibility can be inferred.

Table 4.16: Description of variables

<i>Variable name</i>	<i>Description</i>
Respondent's responsibility	Categorical variable: 0 if the respondent had main responsibility at their company in both the IT and marketing management (base category), 1 if having responsibility in IT management only, and 2 if having responsibility in marketing management only.
Company size	Categorical variable: 0 if the company had less than 5 employees (micro – base category), 1 if having 5-19 employees (small), and 2 if having 20-199 employees (medium), and 3 if having 200 employees or more (large).

Sector	Dummy variables for each of the 18 industry sectors (based on the ANZSIC's division), with the base category being manufacturing.
Market type	Binary variable: 1 if the company reported individual customers as an important market for its products or services, and 0 otherwise (i.e. reporting either other companies or other divisions of the company).
Barriers to Social CRM (asked of both Social CRM adopters and Non-Social CRM adopters)	
High financial cost	Ordinal variable for the importance of ' <i>estimated financial cost</i> ' either as constrains on Social CRM implementation or as influencing company decision not to adopt Social CRM (from 1 'factor not experienced' to 5 'very high').
Cost outweighing benefits	Ordinal variable for the importance of ' <i>expected costs outweigh the expected benefits</i> ' either as constrains on Social CRM implementation or as influencing company decision not to adopt Social CRM (from 1 'factor not experienced' to 5 'very high').
Time consuming	Ordinal variable for the importance of ' <i>time consuming to managing and monitor social media sites</i> ' either as constrains on Social CRM implementation or as influencing company decision not to adopt Social CRM (from 1 'factor not experienced' to 5 'very high').
Lack of skills	Ordinal variable for the importance of ' <i>lack of qualified personnel or insufficient skills</i> ' either as constrains on Social CRM implementation or as influencing company decision not to adopt Social CRM (from 1 'factor not experienced' to 5 'very high').
Lack of information	Ordinal variable for the importance of ' <i>lack of information on how to effectively implement Social CRM</i> ' either as constrains on Social CRM implementation or as influencing company decision not to adopt Social CRM (from 1 'factor not experienced' to 5 'very high').
Lack of management support	Ordinal variable for the importance of ' <i>lack of support from senior management (due to unclear benefits of Social CRM)</i> ' either as constrains on Social CRM implementation or as influencing company decision not to adopt Social CRM (from 1 'factor not experienced' to 5 'very high').
Security problems	Ordinal variable for the importance of ' <i>security problems</i> ' either as constrains on Social CRM implementation or as influencing company decision not to adopt Social CRM (from 1 'factor not experienced' to 5 'very high').
Data privacy problems	Ordinal variable for the importance of ' <i>data privacy problems</i> ' either as constrains on Social CRM implementation or as influencing company decision not to adopt Social CRM (from 1 'factor not experienced' to 5 'very high').
Rigid organisational culture	Ordinal variable for the importance of ' <i>organisational culture not aligned to the new strategy</i> ' either as constrains on Social CRM implementation or as influencing company decision not to adopt Social CRM (from 1 'factor not experienced' to 5 'very high').

Technological barriers	Ordinal variable for the importance of ‘ <i>technological barriers</i> ’ either as constraints on Social CRM implementation or as influencing company decision not to adopt Social CRM (from 1 ‘factor not experienced’ to 5 ‘very high’).
Employee misuse of SNSs	Ordinal variable for the importance of ‘ <i>misuse of social media tools by employees</i> ’ either as constraints on Social CRM implementation or as influencing company decision not to adopt Social CRM (from 1 ‘factor not experienced’ to 5 ‘very high’).

Note: Whilst the questions on SNSs were asked of all companies (both Social CRM adopters and Non-Social CRM adopters), the number of SNSs is not included as an independent variable because it is highly correlated with the dependent variable (decision to adopt or not adopt Social CRM). Inclusion of this variable in the model would lead to a multicollinearity problem.

Table 4.17 presents the findings of the logit model. No significant effect of the respondent’s main responsibility (IT management, marketing management, or both types of management combined) on Social CRM adoption was observed. Engagement in Social CRM significantly increased with company size ($p < 0.05$), where larger companies were more likely than smaller companies to adopt such initiative ($b = 0.434$ for small companies, $b = 0.370$ for medium companies, and $b = 0.705$ for large companies – with micro companies as the reference category). Industry sector mattered for Social CRM adoption. Compared to manufacturing companies, companies in the agriculture, forestry and fishing sector ($b = 0.735$, $p < 0.05$), and those in the seven services sectors were more likely to adopt and implement Social CRM. The seven services sectors included: retail trade ($b = 1.071$, $p < 0.001$); accommodation and food services ($b = 1.099$, $p < 0.001$); information media and telecommunications ($b = 0.539$, $p < 0.05$); professional, scientific and technical services ($b = 0.581$, $p < 0.05$); education and training ($b = 0.866$, $p < 0.05$); health care and social assistance ($b = 0.743$, $p < 0.05$); and arts and recreation services ($b = 1.031$, $p < 0.001$).

Consistent with the initial descriptive findings, the logit findings revealed a significant and positive association between the ‘individual customers’ type of market and the adoption of Social CRM. In specific, companies that served individual customers as an important market

were more likely to adopt Social CRM than those that served other markets including other companies or other divisions of their company ($b = 0.410$, $p < 0.01$).

Table 4.17: Logit results for Social CRM adoption

Variable	Dependent Variable: 'Social CRM Adoption'
Constant	-0.150 (0.362)
<i>Respondent's responsibility (both IT & marketing as the base category):</i>	
IT management	-0.146 (0.191)
Marketing management	0.188 (0.176)
<i>Company size ('micro' as the base category):</i>	
Small	0.434 (0.189)*
Medium	0.370 (0.192)*
Large	0.705 (0.292)**
<i>Sector ('manufacturing' as the base category):</i>	
Agriculture, forestry and fishing	0.735 (0.408)*
Mining	-0.096 (0.754)
Electricity, gas, water and waste services	0.193 (0.577)
Construction	0.131 (0.327)
Wholesale trade	0.365 (0.337)
Retail trade	1.071 (0.279)***
Accommodation and food services	1.099 (0.329)***
Transport, postal and warehousing	0.640 (0.475)
Information media and telecommunications	0.539 (0.284)*
Financial and insurance services	0.630 (0.393)
Rental, hiring and real estate services	-0.047 (0.508)
Professional, scientific and technical services	0.581 (0.276)*
Administrative and support services	0.198 (0.476)
Public administration and safety	0.457 (0.623)
Education and training	0.866 (0.400)*
Health care and social assistance	0.743 (0.351)*
Arts and recreation services	1.031 (0.303)***
<i>Market served:</i>	
Individual customers	0.410 (0.172)**
<i>Barriers to Social CRM:</i>	
High financial cost	0.185 (0.086)*
Costs outweighing benefits	-0.350 (0.084)***
Time consuming	0.075 (0.075)
Lack of skills	-0.016 (0.085)
Lack of information	0.028 (0.084)
Lack of management support	-0.175 (0.067)*

Security problems	0.006 (0.115)
Data privacy problems	-0.148 (0.113)
Rigid organisational culture	-0.239 (0.072)***
Technological barriers	-0.031 (0.078)
Employee misuse of SNSs	0.281 (0.071)***
Number of observations	1,060
Log likelihood	-669.604
LR χ^2 (df=21)	113.280***
Pseudo R ²	0.078

*Standard errors are in parentheses. * $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$*

Turning now to barriers to Social CRM (Table 4.17), five of the eleven types of barriers were found to have a significant association (either positive or negative) with the adoption of Social CRM by companies. Specifically, there are three types of barriers that had a significant negative effect on Social CRM adoption. These included costs outweighing benefits ($b = -0.350$, $p < 0.001$), lack of management support ($b = -0.175$, $p < 0.05$) and rigid organisational culture ($b = -0.239$, $p < 0.001$). These barriers could be considered as real impediments to Social CRM, deterring companies from adopting such initiative. Interestingly, a significant and positive association of the two barriers – high financial cost ($b = 0.185$, $p < 0.05$) and staff misuse of SNSs ($b = 0.284$, $p < 0.001$) – with Social CRM adoption was detected. The positive effect of these barriers could be explained through the ‘revealed barriers’ notion proposed by D’Este, Iammarino, Savona, and Tunzelmann (2012). The explanation is that Social CRM activities increase awareness of the difficulties or obstacles to Social CRM (the barriers are ‘revealed’) and of the methods for circumventing them. In other words, companies that had adopted Social CRM were much aware of the challenges in controlling and minimising financial cost and in managing the misuse by employees of SNSs; however, they were able to introduce strategies and/or systems to cope with them.

4.7 A summary of the survey findings

Using a sample of 1,060 Australian companies across all industry sectors and size categories, this research found the adoption level for Social CRM to be relatively low with only a slight majority (56.3 per cent) of Australian companies in the research reporting its adoption (of which 75% having less than 3 years’ experience in managing Social CRM). Due to the fact that Social CRM activities normally entail processes associated with IT and marketing

functions, the questionnaire was distributed to CEOs or senior managers whose main responsibility at their company was either IT management, marketing management, or both types of management combined. Difference in respondent's main responsibility, however, had no impact on the decision to engage in Social CRM.

The survey findings reveal that differences in Social CRM adoption by Australian companies can be distinguished according to company size, industry sector and type of market (B2C and B2B). Specifically, the likelihood of Social CRM adoption appears to increase with company size, which suggests that in the absence of sufficient required resources particularly finance, knowledge and skills, smaller companies could face greater difficulties than their larger counterparts in engaging in Social CRM. Companies in the agricultural and services sectors especially arts and recreation services; retail trade; and accommodation/food services reported engagement in Social CRM more often than companies in the manufacturing sector. This may be because companies in these industry sectors are more customer-focused, and as a consequence find it easier to understand the potential added value that a shift to Social CRM offers for balancing the power customers now have via online social networking for communicating and sharing information. This explanation is also supported by our finding of a significantly higher proportion of B2C market-oriented companies (those serving individual customers) that adopted Social CRM, compared to those with a B2B market orientation.

Of the total number of companies surveyed, only Social CRM adopters (540 companies) were asked a series of questions in relation to Social CRM implementation. The reported approach to Social CRM adoption has been relatively ad hoc, superficial (even primitive), and usually not supported by a formal integrated strategy and policy framework. Even so, it appears that Australian companies are increasingly taking advantage of social networking technologies and SNSs to manage customer relationships. A summary of the survey findings for Social CRM adopters is shown below:

- ***Workplace conditions for Social CRM*** – A majority of Social CRM adopters (71.7 per cent) indicated the presence of strong support from senior management for Social CRM initiatives. Interestingly, although over 70 per cent of Social CRM adopters reported that the implementation and execution of their Social CRM initiatives was still a learning process with limited knowledge, around 62 per cent indicated that their company did not place a high priority on the learning and development of employees in implementing Social CRM.

- ***Objectives for Social CRM engagement*** – The findings revealed that the most important objectives for Social CRM adoption by Australian companies were to: strengthen a company's brand, establish trust-based relationships with customers, and enhance customer loyalty. These three objectives were rated by 80 per cent or more of Social CRM adopters as having very high or high importance. The objectives of Social CRM rated most often as of low or no importance were: reduction of costs of customer services and improvement of cross-selling and upselling of product/service offerings. While these findings vary by company size and tend to reflect a complementarity between Social CRM and the B2C market-orientation, they do suggest that for Australian companies the focus of Social CRM adoption is more on acquiring new customers and retaining existing customers than on enhancing companies' profitability.
- ***Barriers to Social CRM implementation*** – The length of time required to manage and monitor SNSs was reported as a major barrier by a large majority (60.7 per cent) of Social CRM adopters, followed by a lack of information on how to effectively implement Social CRM (36.5%), and a lack of skills and qualified personnel (33.2 per cent). Other perceived barriers to Social CRM implementation, such as organisational rigidity, data privacy/security issues, and employee misuse of SNSs, were more often reported as the size of the company increased.
- ***Social CRM implementation-related activities*** – The reported number of Social CRM implementation-related activities ranges from 1 to 9, with 74 per cent of Social CRM adopters reporting between 1 and 5 activities. The reported numbers of such activities increased with company size and the duration of experience in managing Social CRM. The most common activities reported were: monitoring SNSs for conversations regarding the company; learning about SNSs in the context of customers; regularly responding to customer conversations on SNSs regarding the company and its products or services; and proactively looking for new ways of using SNSs to engage with customers – each reported by 50 per cent or more of Social CRM adopters. The two least common activities (reported by less than a third of Social CRM adopters) were: measuring the impact of social media on company findings; and developing organisational policies/guidelines for the use of SNSs by employees.
- ***Methods of sourcing and implementing Social CRM*** – Over half (53.4 per cent) of Social CRM adopters developed a Social CRM system in-house; 26.6 per cent had the

system developed and implemented by an outsourcing vendor; and around 18 per cent either employed consultants or purchased Social CRM software from an outsourcing vendor but implemented in-house. Developing a Social CRM system in-house was the approach most often reported by micro-sized and small companies compared to medium and large companies, and was the predominant approach reported by companies having a greater duration of experience in managing Social CRM. Larger companies were more likely than smaller companies to have the Social CRM system developed by an outsourcing vendor and implemented either by this vendor or in house by their own IT department. Using external consultants to help in the planning and execution of Social CRM was commonly used not only in large companies perhaps due to availability of financial resources but also in micro-sized companies perhaps due to a scarcity of knowledge, expertise and time.

- ***Benefits of Social CRM*** – Whilst 80 per cent or more of Social CRM adopters reported strengthening brand, and building trust and customer loyalty, as major objectives for Social CRM engagement, only around 20 per cent of them perceived a major benefit in relation to these objectives following Social CRM implementation. These findings suggest that there is a substantial gap between intentions and benefits of Social CRM. Based on chi-square findings, a possible explanation may be found in the role of time as a contingency factor affecting the objectives-benefits relationship, where the full benefits from implementing Social CRM may only be realised over the long term.
- ***Web 2.0 and social networking sites (SNSs) used with Social CRM*** – Blogs and micro-blogging sites are the most common Web 2.0 technologies used in relation to Social CRM, each cited by about 40 per cent of Social CRM adopters. For SNSs, Facebook dominates the social media space (88.3 per cent), followed by Google+, LinkedIn and Twitter (each about 50 per cent). A majority (81 per cent) of Social CRM adopters reported the use of 1-4 SNSs in conjunction with their Social CRM initiatives.

Of all 1,060 respondents, 43.7 per cent (463 companies) had not engaged in Social CRM. A summary of the survey findings for non-Social CRM adopters is shown below:

- ***Barriers to Social CRM adoption*** – The three barriers most often rated by Non-Social CRM adopters as very high or high importance in influencing their decision not to

adopt Social CRM were: time consuming to manage and monitor SNSs (68 per cent), lack of information on how to effectively implement Social CRM (44.3 per cent), and lack of qualified personnel or insufficient skills (41.9 per cent).

- ***Social networking sites (SNSs) used to interact with customers*** – Only 34.4 per cent (159 companies) of non-Social CRM adopters indicated the use of one or more SNSs to interact with customers, with Facebook dominating the social networking space. Of these 159 companies, 80 per cent used 1-3 SNSs. For Non-Social CRM adopters that did not use any SNSs (304 companies), the most common reason given was a lack of a good business case to invest resources in SNS activity (cited by nearly 60 per cent).

In this research, the survey questions regarding barriers to Social CRM were asked of all respondents (both Social CRM adopters and non-Social CRM adopters). This allowed the researcher to examine and evaluate, through logit regression, which types of barriers were acted as ‘real’ impediments preventing companies from adopting Social CRM. Based on the logit findings, the perception of costs outweighing benefits, a lack of support from senior management and rigid organisational culture (not aligned to the new strategy) tended to be a stumbling block to the uptake of Social CRM by Australian companies, each having a significant negative effect on Social CRM adoption. The non-significant association between the three obstacles (time consuming to manage SNSs, a lack of Social CRM-related information, and a lack of skills) and Social CRM engagement could be explained by the fact that these obstacles were reported by the majority of companies, both adopting and not adopting Social CRM (as evident in the descriptive findings).

The two types of barriers that were unlikely to be a deterrent to engaging in Social CRM (found to have a positive influence on Social CRM adoption) were high financial cost and staff misuse of SNSs. These barriers should not be interpreted as real impediments, but rather an indication of managers increasingly being aware of the difficulties involved in adopting Social CRM or in the learning advantages of direct experience – or what D’Este et al. (2012) describe as the *revealed* effect of barriers. In other words, while Social CRM adopters may be much aware of the challenges in controlling and minimising financial cost and in managing employee misuse of social media tools, they are able to introduce strategies or procedures to cope with them.

4.8 Chapter summary

This chapter has presented the findings of quantitative data analysis. Large-scale survey data with 1,060 responses were analysed using both the descriptive statistics (frequencies, percentages, and cross-tabulations with chi-square) and inferential statistics (logit regression) to explore several factors that could be associated with the propensity to adopt Social CRM and to examine the association between Social CRM and beneficial outcomes. Due to the explorative nature of this research, the emphasis was placed more on descriptive than inferential statistics. The findings reveal that Social CRM adoption by Australian companies has been relatively ad hoc, superficial (even primitive), and usually not supported by a formal integrated strategy and policy framework. Social CRM in the Australia private sector is still in the early stages of adoption, requiring a considerable learning process. The uptake of Social CRM has been found to be influenced by company size, industry sector, type of market served, duration of a company's experience in managing Social CRM, as well as barriers to adopting or implementing Social CRM (especially the lack of time and relevant knowledge). Whilst companies that have adopted Social CRM have done so with the expectation of benefits, particularly in terms of building brand and establishing customer loyalty, the research findings show that the benefits of Social CRM are often not immediately apparent in the short term.

These survey findings will be combined and discussed together with the findings from the qualitative component (Chapter 5) in the Discussion chapter of this research (Chapter 6).

Chapter 5- Qualitative analysis, interpretation and findings

5.1 Introduction

This chapter presents the findings of qualitative data analysis. The objectives of this chapter are to explore several issues that are associated with Social CRM adoption and implementation in greater depth and to get more insight into the phenomenon. The data analysis follows the methodological approach detailed in Chapter 3. The chapter is structured as follows:

- Section 5.2 presents a brief overview of the qualitative analytic method employed for analysis (thematic analysis by applying the principles of grounded theory to support thematic coding).
- Section 5.3 presents the six themes and their associated sub-themes derived from the thematic analysis. The six main themes are: *Engagement*, *Facilitating Transparency*, *Looking to the Future*, *Managing the Change*, *Practicalities*, and *Uncertainty*.
- Section 5.4 provides an interpretation of the qualitative findings.
- Section 5.5 presents a summary of the interview findings.
- Section 5.6 provides a summary of the chapter.

5.2 Brief overview of qualitative analytic method

Thematic analysis as discussed in Section 3.6.2 was used as a qualitative analytic method for analysing data collected from semi-structured interviews with CEOs or senior managers (responsible for IT/marketing areas) from seventeen different companies. Thematic analysis was performed through the process of coding in three main stages – *data reduction*, *open coding* grounded from GMT, and *creating theme* – to identify and examine meaningful patterns (or ‘themes’) within the data. In the first stage, data reduction took place through the process of coding by reformulation of the raw text in an analytic language, which is shorter and more concise, before assigning units of meaning to data chunks or ‘summary codes’. In the second stage, an open-coding approach from GMT was employed where the summary codes were closely examined, compared for similarities and differences, grouped into core categories, and formulated into final open codes. These final open codes were then collated and accrued to form sub-themes and their respective main theme in the last stage.

5.3 Themes

The thematic analysis yielded six main themes that captured several important issues concerning Social CRM in relation to the study's research questions. These themes were: *Engagement*, *Facilitating Transparency*, *Looking to the Future*, *Managing the Change*, *Practicalities*, and *Uncertainty*. Each of the six themes and their related sub-themes are detailed below.

5.3.1 Engagement

The Engagement theme related to the method or process of utilising Social CRM initiative by companies for better engagement with customers. It involved how companies built and managed their social media presence for marketing intelligence and customer relationship purposes, as well as the ways they leveraged and integrated social media into their traditional CRM system to improve the customer experience, enhance brand value and achieve superior customer engagement. This theme comprised four associated sub-themes including: *customer engagement*, *managing customer relationship*, *marketing approach*, and *social media management*. Each of these sub-themes is presented below:

Customer engagement

The customer engagement sub-theme is related to the method used by companies to engage with existing and prospective customers. Most respondents indicated that one of the main reasons for their company's decision to adopt Social CRM was to use its social media features to bring about superior engagement with customers and to build positive customer experiences into their brands.

You know engaging consumers desire greater engagement with brands. It's a good thing because brands need to put in more thought about their relationship with their consumers and that's exactly what they should do...We try and be much more engaging I guess. And our social part of that you know Facebook, Twitter...etc., is just trying to build that I guess, brand and that relationship. [COM11_MD]

Social media was viewed by a number of respondents as an important channel to increase brand awareness, to give customers the best experience about the brand, and to enable companies to understand their products and services and ways to improve their quality. All helped strengthen customer engagement.

There are a few benefits. [Social media] is another channel that helps us give our customers the best experience and better understand our products and our services. We can help them, and by helping them, by giving them a great experience and great service, that help us, as a brand, improve. [COM13_IT]

Many respondents viewed social media as a key part of their company's communications strategies to immediately connect to people. In other words, social media was used to keep in touch with, and reach out to, customers and prospects.

I think social media has a very relevant role that gives very immediate connection to people...it's one of many ways of keeping in touch to be honest. [COM8_MD]

Most respondents reported that they used social media as a 'front line' for sharing valuable or helpful information to customers and for providing them with alternative contact channels. In this way, relationships with customers were enhanced and brands were strengthened.

I started basically using all the social media network to help us... So I use Social CRM to basically provide them with helpful information like links to articles and things like that...I also use it as a way to let them know that they can contact us in a variety of ways. [COM2_M]

Some respondents stated that they not only posted or broadcast useful information on their social media pages, but also put a link that directed to their company's website in order to get people to visit the website, increase online attendance, and receive maximum traffic in turn.

Well, you can always put links in [Twitter] if you want to broadcast any information, you put a link in. Ideally you put a link into your own website and you get people to look at your website. [COM10_MD]

It was also evident from the analysis that the use of social media by respondents is regarding managing their suppliers and managing their image.

Yes, exactly, it is very much and we try to get a bit challenger. So, the conversation for us, it's about presenting not some of mannequin's supermarket kind of voice, but a really knowledgeable voice engage to us. [COM11_MD]

Managing customer relationships

The 'managing customer relationships' sub-theme related to the approaches to Social CRM used by companies to manage relationships with customers. Most respondents indicated that

Social CRM was used as a strategic tool to enable their company to work collaboratively and engage systematically with customers.

I got a system ..where like ..I'm actually a filter a lot of these stuffs now that people actually speaking to me in the first instant that don't even get speak to a lawyer that I might engage and keep up. And the way I got a strategy working now , I'll try to find what a low quality crap inquiry and get rid of it before it hit manager to them that is really aware of that. Is that make sense? [COM2_M]

As reported by a number of respondents, different approaches to Social CRM (with different staff members in charge) were used to manage different types of customers. This was aimed at obtaining more detailed and specific information about the needs, demands and concerns of customers in a particular group.

What we do in terms of managing our customer relations, we... quite a distinction between local community and our corporate customers... So, we actually have different staff members in charge. Both are very important to us, but require very different approaches....You can get back very quickly with very tailored information that really focuses on their needs and what they want. [COM7_C]

There was a general agreement among respondents that a single emphasis on the views of customers who currently use/purchase their company's products and services was inadequate to understand the needs of the entire market. It was also critical for companies to listen to potential customers and people in order to identify other relevant information that could help in the assessment of their current business goals and the development of future strategic plans.

To be honest, I mean there are consumers... we act not only as a retailer, but also as an information resource. So that relationship management doesn't just relate to those people who are purchasing [name of products] from us, but also those people who listen to us. [COM11_MD]

It was also evident from the analysis that a number of companies did not want to develop or have a relationship with unknown people. Respondents stated that they started developing and managing a relationship with people once they had communicated with these people and had integrated into their Social CRM system.

I think the management part of CRM is important and it's about relationship. So, I cannot have a relationship with someone until you know who they are. I've got no idea who they are until they actually speak to me...and once I've got them in my

system after they've converted, I can actually start managing the relationship.
[COM2_M]

Marketing approach

The 'marketing approach' sub-theme related to the unique marketing programmes or tactics that companies used in conjunction with the social media features of Social CRM in order to meet the needs or preference of individual customers. A common marketing approach utilised by most respondents was clearly defining their own target market and customer base.

I think it's because we're targeted, and we typically go out to a client for people that we know. So we don't tend to mass. We don't buy lists and sort of, do a sort of a spray approach to, you know, millions of people who probably haven't heard of us.
[COM1_M]

Many respondents stated that they used a number of marketing tactics (email marketing campaigns, link baiting and search campaigns) to personally communicate and engage with people who currently follow their social media sites. This was aimed at improving the online visibility of companies (in search engine e.g. Google), promoting their products and services, and boosting sales.

For instance, marketing campaigns... let's say we would decide to an email campaign to all our customers in a particular category of some sort. It would therefore include my Facebook followers or Twitter followers. That sort of thing. That's just one area where it can have a lot of power. [COM3_MD]

A few respondents stated that they used customers' positive comments on social media as a sales tactic to build their company's brand and obtain more customers.

You know social media can be... rather than you're using it to build the brand and all that kind of thing, but we can use it... We can actually use the comments as a sales tool. [COM11_MD]

However, there was a general consensus among respondents that force-feeding sales on social media or intensively forcing people to buy things must be avoided.

I'm deliberately not trying to sell too much because people hate that crap on Social CRM...trying to force-feed people sales promotions and thing like that. When you try and force-feed people, and try and force people to buy things, they just hate it. So I try and be very light. [COM2_M]

Some respondents indicated that social media enabled their company to reach large target audiences in a short time frame at no or minimum cost, compared to traditional media such as newspapers.

In the past what we have tried is we used to advertise in the local newspaper, something that we were initiating, that reaches a particular audience but not the largest part of your market. And it's also so impersonal. If I look at Facebook you can clearly see that it is so tailored and so targeted. [COM7_C]

Social media management

The 'social media management' sub-theme related to the ways companies used to manage or strategise using their social media presence to communicate or engage with customers, prospects and people. It was evident from the analysis that different social media tools were used for different purposes, and that companies needed to identify which business unit would benefit most from which tools.

Basically, I use all the different social networks for different purposes and that's essentially what I think is the crux of a good Social CRM manger, is to use all networks in different ways, and use them effectively to achieve various business objectives. For example, I use Facebook more to kind of target everyone like... not clients... just people who have heard of us who like our brand. They just want to receive helpful updates. I've really got no... I don't really want to sell to them that much. I just want to be as nice and helpful as possible. Throw up some cool pictures, some updates when the law changes and just hope that they like us? Whereas Twitter, I kinda use that to post links to helpful legal articles that we've professionally written. So it's more using what's called "link baiting", where I try and get them to actually click from Twitter, go to our website, so our website gets more traffic? [COM2_M]

A number of respondents mentioned that they used social media to listen to and keep in touch with their customers, and to stay ahead of their expectations.

We would also use Twitter to listen to our customers, to know kind of what they do and what's going on with them. [COM10_MD]

That's pretty much what I do, yeah. And that's pretty much what I would like to do in response to them. For example, I had a Facebook person message me on Facebook, which is private, they've messaged [name of the company] privately and expressed their disconcern, or their complaint, with how we managed something. And once I got feedback from management about how to respond to them... because it was private, they were quite happy for me to respond to that, and I responded to them with an amicable kind of nice response [COM2_M]

An important point raised by some respondents was that the adoption and use of social media needed to take into account the type of business that the company is engaged in, as this would dictate the threats of lawsuits and negative outcomes derived from the use of certain types of social media. In this sense, not all social media tools were appropriate for all business types.

Strangely enough there ended up being some negative interaction within that site [Facebook] and it closed... because... oh, threats of lawsuits and bullying and things like that that went on there was disgusting... You'll ask me the questions straight up, but I don't use my Facebook for my customers. [COM14_C]

5.3.2 Facilitating transparency

The Facilitating Transparency theme focused on the methods used by companies to facilitate transparency and openness in their continuous dialogue and interaction with customers. This theme comprised seven associated sub-themes including: channels of communication, conversation building, damaging brand reputation, 'knowledge is key', online community building, social media features, and transparency. Each of these sub-themes is presented below:

Channels of communication

The 'channels of communication' sub-theme related to the preferred communication channels used by companies to interactively contact or transmit messages to customers or prospects. The analysis revealed that many respondents still preferred to use traditional media channels (including telephone, email and face-to-face contact) to complement their website and social media channels.

I mean our biggest marketing channel is probably our website, right? We have got a lot of inbound connections coming in through there. People requesting... And the outcome that we want is people to contact us and ask us to do their work basically, right? So there is a funnel on the website. [COM10_MD]

However, a few respondents reported that given the nature of their business which needed to protect customers' privacy and confidentiality, they allowed people to enquire or contact their company only through website contact form.

I only do by email and my website has an email part on it where they can contact me and that. [COM14_C]

Conversation building

The ‘conversation building’ sub-theme related to the ways companies created an environment that enhanced customer experiences and supported development of meaningful conversations with customers. A number of respondents indicated that they communicated with customers on a more personal level in order to increase customer participation and thus to establish a collaborative conversation that provides mutually beneficial value.

We try and engage in conversations. So, it’s mostly about “education”, but we try to raise issues...and then we’ll try to roughly engage people and say, “you know do you have any information you can add to this?” etc., but, no one ever does.[COM15_MD]

Some respondents also noted that social media is an important, but not only, channel to embrace the voice of the customer.

If you think about you and I and our personal experience, social media is a part of our life. It’s not the only part, but it is a part. So, for an organisation, we need to understand the value that it provides and understand that it is an important voice, but it is not the only voice of the customer. [COM13_IT]

Searching and getting background information on people that is publicly available on social media sites prior to fully engaging in conversation with those people, were employed by some companies in order to make the conversation easier.

What you can do basically research on the person, on the social media, and the social CRM will bring in their last post, for example, on LinkedIn. You can just about see what this person is following, what he’s saying, if they post to some publications or articles, you can have a quick read. When you actually get in front of them or when speak to them, you can then continue the conversation and the knowledge. [COM4_MD]

A few respondents indicated that they would not ‘immediately’ engage in conversation with customers or people who posted negative comments on social media as (i.e. hate speech, harassment, cyber-bullying others and violence without anything relevant to say about the company) this could cause more troubles. Rather, they preferred to identify and contact those people personally to address their grievances.

No [Don’t engage in conversation with people on social media]. We will try and identify that person and we’ll send out a team of our best people get it fixed and make it happen. [COM5_MD]

Damaging brand reputation

The ‘damaging brand reputation’ sub-theme related to the potential risk of negative social media activity publicly damaging brands. A number of respondents mentioned that the ‘social media’ part of Social CRM, if not managed properly, could ruin the reputation of brands and companies.

Because, the problem [freely posting on social media] is... it will not only tarnish the image of the dealership but it will tarnish whole image of the company...So your dealership gets tarnished, Ford in fact will get tarnished, and it kind of affects all the dealerships too. [COM9_IT]

Most respondents pointed to the need to immediately respond and address negative comments that related to company’s brand (i.e. products/services) on social media in order to prevent such negativity from being widespread and jeopardising their company’s online reputation.

I went to the [name of other companies] Facebook page recently with an issue... I saw that the whole page is just covered in negativity... Well, you see all that negativity and you just think, “yeah, I can raise my issue but it’s not gonna be fixed obviously it’s a systematic issue. [COM5_MD]

It was also evident from the analysis that some companies restricted their employees’ access to social media at work for fear of data security breaches and a lack of control over what employees posted on social media sites, which could consequently damage brand reputation.

In some cases it doesn’t allow them [staff] to access social media. There’s a lot of restriction around social media. The industry generally has fairly negative view on social media because it causes so many issues [COM16_C]

Knowledge is key

The ‘knowledge is key’ sub-theme related to the awareness and recognition of the importance of knowledge as a necessary condition for Social CRM adoption. Knowledge in this sense means creating new knowledge based on the previous available knowledge/experience by doing extensive and intensive research towards Social CRM. The basics of such knowledge include the knowledge built through experience and observation of a traditional CRM, social media and new technologies adoption. A number of respondents indicated that the implementation and execution of their Social CRM initiative was still a learning process and believed that good knowledge and understanding of new technologies associated with Social

CRM were critical. Such knowledge could be obtained by imitative learning and adaptation through observing other similar companies.

I can go and look at all my competitors and see what they're doing. Look at the top law firms in the world who have budgets in the gazillions and employee teams who are like me, but like a hundred guys, and I can just copy what they're doing but try and do it my way. [COM2_M]

There was a general agreement among respondents that the adoption and implementation of Social CRM essentially required skilled employees who were competent and had experience in managing such a complex initiative.

So, I need to skill and tool people to help me manage it, which is the process we are going through at the moment. [COM17_MD]

As mentioned by many respondents, providing education or training to all staff members was crucial in enabling adoption of Social CRM and minimising problems associated with such an adoption.

Education is key. If we provide education as to the value this can bring to more people across the organisation, then... our true understanding... those problems or challenges will decrease across the organisation. [COM13_IT]

Some respondents indicated that a lack of top management knowledge of what Social CRM is and how such an initiative is important and relevant to their business was a major barrier to engagement in Social CRM.

When they [Top management] hired me they didn't really know what they needed or what Social CRM was or anything like that. [COM2_M]

Online community building

The 'online community' sub-theme related to the ways or methods that companies used to build, through their social networking tools, a network of people who communicate and interact with each other and with the companies. Such an online community allowed customers and people to voice opinions towards the brands of the company and to share their experiences with others. A well-managed community would enable companies to create a strong and rich relationship with customers; a relationship that is built on conversation.

Most respondents indicated their attempt to build an online community through their social media sites to interact more effectively and engage meaningfully with customers and people.

It [Facebook online community] has brought together a community of younger generations... so, it has brought us closer to our customers. [COM7_C]

I would agree that getting a community of people talking to each other about wine... and we talked about certainly doing a couple of different things.... the whole community and that kind of thing. It's great if you can do it, but that community... look, wine drinkers buy from everyone. [COM11_MD]

As indicated by some respondents, the two main aspects of an effective online community were: being active, and having critical mass to warrant people's attention.

So, it's very important to have things [posting] on there that people are going to respond to...Nobody wants to join and be part of a community which has nothing going and nothing happening and no people in it. So what people wanna see is a community that's a) active, that's the most important, and b) has a critical mass which is gonna warrant their attention. [COM2_MD]

Encouraging employees and their family/friends to join an online community was suggested by a few respondents as the 'first' crucial step to create the meaningful online community for business, given that employees were the company's most valuable asset and biggest network.

Because your employees are your biggest asset and your biggest network, as I said before when you try and set up community, your employees and your employees' friends and immediate family and that become the first things. [COM2_M]

Social media features

The 'social media features' sub-themes related to a company's social media presence and the motivation of using such technology to connect and interact with customers and people. It was evident from the analysis that user perceptions of usefulness and the ease of use of social media technology were two important attributes of such technology adoption.

No. We find it's very easy to use. Anyone below thirty with a mobile, from the sense of the staff, can use it. It's so easy. No, we don't have any problems with it, we only see up sides...we see incredible potential and we explore that all the time. [COM7_C]

All of the responding companies had their own website and they connected the website with their social media sites.

So, a new website for instance, obviously have all the connections to Facebook, LinkedIn and Twitter and so forth... Obviously linked in with the website as well, so that we are benefiting then from what we offer...or identified some areas that they [customers] perhaps didn't know about what we do and how we can benefit them. [COM3_MD]

As shown in Table 5.1, there were differences in the types of social media sites adopted by responding companies. The most widely-used social media sites were Facebook, Twitter and LinkedIn, while 'internal' social media platforms like Yammer, Daylight and Radian6 were used by only one company.

Table 5.1: Overview of social media presence by respondents

Case	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Website	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Facebook	X	X	X	X	X	X	X		X		X	X	X	X	X	X	X
Twitter	X	X	X						X	X	X	X	X		X		X
LinkedIn	X	X	X	X	X			X		X			X		X		X
Google+		X									X		X		X		
YouTube									X		X	X	X				
Blog			X						X				X		X		
Pinterest		X						X				X					
Google Alert										X					X		
Yammer								X									
Radian6								X									
Daylight								X									

Different social media sites were used for different purposes. Respondents indicated that they utilised social media tools that were relevant to their business purposes and strategies.

There is a Facebook page. I don't think it's as relevant as LinkedIn. LinkedIn feels like a much more appropriate kind of platform for us. It's prospects. It's a prospecting kind of strategy mainly. [COM8_MD]

Facebook was commonly used for building an online community and communicating with friends, family or customers, while LinkedIn was more of a professional networking site than a 'social' site.

The only community that we have online is on Facebook, and that's our biggest online community. [COM2_M]

LinkedIn is more a professional kind of networking site rather than a consumer feedback site. [COM5_MD]

Twitter was often used for sharing information, whilst YouTube was used for demonstrating or promoting a company's new products.

Twitter, I kinda use that to post links to helpful legal articles that we've professionally written. [COM2_M]

We will provide them with a virtual demo where we take a video off [cars] on you tube. All of our advertisements get uploaded onto YouTube. [COM9_IT]

Pinterest was typically used to enable users to organize and share pictures and videos from across the internet.

What we have dabbled in, which lends itself quite well to our work is Pinterest, which is much more of a visual medium, I guess. So what we do there is to showcase our visual identity and design work there. [COM8_MD]

Some respondents reported that they had Blog and used it primarily for updating/writing articles or co-creating contents with customers; and in so doing helped improve the website's ranking in Google's search engine results.

The Blog is a part of our website. The reason we do that blogging is it helps us reach out in Google's Ads, if you keep refreshing the information in your blog, your page will get displayed higher up in Google's rankings. [COM9_IT]

Google Alert, Daylight and Radian 6 were mainly used to enable companies to monitor, measure and engage in online conversations.

It [Radian6] tracks and aggregates mentions of brands from all over the place...in terms of tracking brands on social media platforms like...trying to assess the sentiment of different tweets as to whether or not they're positive, negative or neutral. [COM8_MD]

Transparency

The 'transparency' sub-theme related to the processes that companies used to manage and ensure the transparency of social media comments made from customers and members of the public. As reported by most respondents, Social CRM was used as a critical tool to reinforce the importance of transparency in business. In this sense, Social CRM was viewed as not only facilitating two-way communication, but also allowing for real-time transparent conversation between the company and its customers.

I would like to say, the Social CRM changed the landscape for many organisations by making them more transparent. So what they wanted to do is they want to take it to their advantage and create a transparency within to outside world. [COM4_MD]

To facilitate transparency in communication, a number of respondents suggested that all the positive and negative comments on social media should be welcomed.

We're hearing from our major business [main customers]. We're also hearing from our end-users which is "you've got a problem with this... this is where your issues are". That allows us then to focus on those areas, and fix those particular areas. [COM5_MD]

Most respondents indicated that removing or hiding complaints about the companies brands or their products/services needed to be avoided. This was because such complaints helped companies improve their products/services to meet the needs of customers and hence build a mutually beneficial relationship with customers.

...a compliant needs to be seen as an opportunity to improve rather than something to hide. So social media can help us not only help customers, but help improve our customers' experience of our brand which is a benefit to both the organisation as well as the customer [COM13_IT]

Yet, there was a general agreement among respondents for the need to remove the negative comments that are inappropriate and unacceptable such as hate speech, harassment, bullying and violence, because such comments could have an impact on other people.

Yes, exactly but sometimes we will get some people who are pests and who will become abusive, I mean you can almost trawl through it and see what we say about... We're not going to keep that stuff. [COM11_MD]

Some respondents were in doubt about the ethics of LinkedIn's method in selling the list of people who were in its system to make revenue. Such an unethical approach by LinkedIn could have a negative impact on the transparency of Social CRM initiative.

I've been approached by LinkedIn and those guys are selling the access to the system for large amount of times that you can access almost anybody. Now, I was really surprised because it is actually fundamentally going against the approach of building your own network, why would you then sell it, or commercialise it by selling access anywhere? ...Now if it's ethical, I don't know. [COM4_MD]

5.3.3 Looking to the future

The Looking to the Future theme related to the development of social technologies, strategies and activities that could enhance relationships with customers/people and support future opportunities for Social CRM. This theme comprised five associated sub-themes including: brand strategies, business perceptions, concept of Social CRM, planning for Social CRM investment, and technology trends. Each of these sub-themes is presented below:

Brand strategies

The ‘brand strategies’ theme related to the strategies that helped strengthen, build and sustain meaning in value for the brands of the company, which could in turn lead to customer loyalty and intention. Building brands was one of the key objectives for Social CRM adoption and thus Social CRM was typically viewed as a brand strategy.

A number of respondents indicated that strengthening business brands and building customer loyalty were the main reasons for their company’s decision to adopt Social CRM.

We would use that [Social CRM] in different ways to build brand loyalty, to create special interest groups and all the rest of it. [COM16_C]

Interacting with the local community and linking related activities to the website of both the company and its local partnering organisations, were also mentioned by some respondents as a way to create greater presence and brand awareness to customers and prospects.

A bit of both [building the firm's brand image and interacting with the community] and also to be involved in the community. We have an affiliation program that runs with a couple of the local sporting clubs as well, where they have a link to our website on their website and vice versa and the members of those clubs get a discount when they come in to here. [COM6_M]

A few respondents suggested that Social CRM should be used not only for brand building but also, and more importantly, for incorporating the customers’ positive experiences into brands.

Brand needs to understand that customers will talk about them whether they have a presence there or not. And it’s up to the brand to be able to provide, if they choose to, a customer experience in that channel. And we’ve decided to provide that experience. [COM13_IT]

Business perceptions

The ‘business perceptions’ sub-theme related to the company’s awareness of benefits from Social CRM adoption. Most respondents indicated that they had seen the benefits of Social CRM in terms of allowing their company to better understand the needs of customers (and their experiences toward brands) and fostering trust-based relationships with them.

So rather than just being about engaging and talking and in a conversation and you know, Shane tells Kevin that this shiraz is good, we can tell Kevin and a hundred and twenty thousand people what Shane said. [COM11_MD]

Some respondents also indicated that Social CRM, through its social media features, helped their company reduce cost and increase productivity, compared to the use of traditional media channels such as call centres.

At one point we had a [Name of country] call centre doing some of that work as well. Probably fair to say that this is not one of the better ideas that we’ve had. Yeah, number one, their productivity levels are pretty low. Number two, the quality of their work borders is atrocious. [COM15_MD]

While a number of responding companies had seen the value of Social CRM, they had not yet realised its ‘true’ value by fully engaging in such an initiative.

It [Social CRM] is worthwhile. I don’t think the business has realised its true value yet. [COM5_MD]

Another echoed this sentiment,

We understand it intimately and we keep reviewing it. We haven't abandoned the view that there may be an opportunity....There’s certain sectors within the community where there’s that opportunity. [COM16_C]

Concept of Social CRM

The ‘concept of Social CRM’ sub-theme related to the definition and notion of Social CRM perceived by respondents. All respondents defined Social CRM as an extension of traditional CRM that incorporated aspects of social networks to facilitate relationships with customers.

Social CRM is an extension of CRM capabilities using socially available data, or publicly available social data, or data which the user has given the business permission to access, integrating into the businesses existing legacy CRM structure. [COM13_IT]

Some responding companies also indicated their future intention to link the ‘social’ models of social media platforms into their in-house CRM systems.

...but naturally, the obvious social models of Facebook, LinkedIn, Twitter and so forth. But linking some of that or all of that hopefully at some stage in the medium-term future into our in-house CRM system. [COM3_MD]

A few respondents indicated that Social CRM could be used at both the individual and professional levels, each with different purposes. A robust Social CRM strategy should have both levels integrated.

The company level and the individual level. So there you're talking firm website, possibly a firm Facebook page... firm Twitter potentially, firm LinkedIn page. And then, of course, at the individual level...I have a LinkedIn profile and I personally will connect with people in my network. So you can have it on two levels and a robust strategy probably should have both levels happening. [COM1_M]

A number of respondents indicated that while their company had engaged in Social CRM, no concrete business objectives were tied to such an initiative. At this stage, the objectives of Social CRM adoption were linked to the objectives and benefits of social media sites.

I don't think there's any hard and fast business objectives tied into it. It is, in part I guess, kind of an opportunity to promote content that we create a key way that we use kind of social media is to try to promote or draw attention to content that we might post on our website or significant announcements. [COM8_MD]

Some respondents mentioned that Social CRM was suitable for companies selling products or services to customers who had little or no privacy concerns.

That's it could be somebody selling, somebody that's not involved in the privacy things that I am, you see? Because there's a privacy thing to what I do, there are some issues there. [COM14_C]

Planning for Social CRM investment

The ‘planning for social CRM investment’ sub-theme related to the business plan and related strategies for Social CRM investment, cost-budget considerations, and the role of outsourcing the management and implementation of Social CRM activities. It was evident from the analysis that a number of responding companies intended to allocate more resources for the development of their Social CRM system in the near future.

Yes, the short answer is yes, we are certainly aiming to move more heavily into it [Social CRM]. [COM3_MD]

Another echoed this sentiment,

Most probably it will grow and we're talking about that at the moment. And how we need to grow it [Social CRM] and what we need to do...and how we can afford to do it. [COM17_MD]

The low cost of investing in social media sites in terms of IT and infrastructure was found to attract many responding companies to adopt and use social media communication channels – the ‘social’ part of Social CRM.

Yeah, it's actually quite low ...and the outlay in terms of infrastructure, IT software/hardware is zero...but in terms of social media, the costs are very, very low and that's really attractive. [COM7_C]

Yet, some respondents demonstrated a reluctance to fully invest in a Social CRM system in terms of time and resources, and would not make a business case for Social CRM investment if the ‘definite’ benefits or return on investment from such an initiative were not evidenced.

We're a little hamstrung when it comes to funding. Unless they are going to have definite impacts, and while there is a generic impact, as you quite rightly said, an impact will need to be shown and made a business case to do something bigger. [COM11_MD]

It was also noted by some respondents that young companies with good cash flow were more likely to see the social opportunity offered by Social CRM, compared to older companies.

You know a company, for example, a supermarket company... if they are into it, they have the potential to invest it. Just... cash flow, try and make some money all that kind of stuff is trying to break even to start with. Because we are a young business, I think we probably understand the social opportunity better than the older businesses. [COM11_MD]

Some respondents also indicated that the early technology adopters like ‘younger people’ and ‘professionals’ (e.g. academics, lawyers, accountants and consultants) were more likely to be aware of the potential opportunities offered by Social CRM and to increase their investment in such an initiative, compared to older people and non-professionals.

I think younger people and professionals, so universities, lawyers, doctors... not so much doctors... lawyers, accountants, advisory people etc. They are always the early

adopters using technology...And my personal view, I think the investment that they put into it is a bit of a stretch. But they still do it. [COM15_MD]

Whilst a number of respondents reported their company's 'in-house' investment in Social CRM, a few indicated the employment of outsourcing vendors (application service providers) to help in the planning and execution of Social CRM initiative.

We have a vendor. The vendor provides the capability for us to listen and engage in social media conversations and distribute those conversations within the business. There are many different vendors that offer this capability, but we've chosen one to help us with that. [COM13_IT]

Yet, some respondents viewed that hiring outsourced vendors or consultants was appropriate for larger businesses with a big and complex database. In small businesses, hiring consultants was costly with little or no value added.

However, we would not hire a consultant because we cannot imagine that they would add value to our business or not. It's good for a large business where a big database have. We are a small business and small community. [COM7_C]

Another echoed this sentiment,

It's not cheap. Consultants in this field are bloody expensive and don't really show you much sales results. And while they've got great ideas, sometimes those ideas can be ridiculously expensive. [COM11_MD]

Technology trends

The 'technology trends' sub-theme related to the respondents' perception of rapid changes in technologies that could have an impact on Social CRM implementation. The growth of social media use among people and customers was mentioned by respondents as a driving force for their engagement in Social CRM.

Over the last four years, the social media stuff has increased dramatically. I went everywhere. Joined everything that I could to get my name out there, but now? There's just absolute thousands... there might be millions of people on there [COM14_C]

The growth and advancement of Google advertising technology in reaching target customers online more efficiently had led a number of respondents to integrate Google+ platforms into their company's Social CRM system.

We see a fast growing trend in Google+ which is due to the integration of Google+ into the email account...So, if you think about it, then by direct integrating those platforms in the corporate system, they are automatically getting the momentum. So we see the growing trend there. [COM4_MD]

It was some respondents' view that the social media landscape and associated technologies would have changed in a year's time, and they preferred to wait to invest more resources into Social CRM until the next wave of social media technologies has come.

In a year's time the social media landscape might have changed, probably will have changed... and we may have to then ride that next wave and leap from... I might just wait for the next big thing and I'll spend on that instead. [COM3_MD]

5.3.4 Managing the change

The 'Managing the Change' theme related to the methods or strategies adopted by companies to manage several changes brought about by internal and external forces that could impact adoption and implementation of Social CRM. This theme comprised seven associated sub-themes including: changes in generation & customer behaviour, contextual conditions of social media usage, impact of business environment, managing team responsibilities, organisational conditions, recognising the role of employees, and response management. Each of these sub-themes is presented below:

Changes in generation & customer behaviour

The 'changes in generation & customer behaviour' sub-theme involved changes in generation and trends in customer behaviour (including the changing ways in which customers access information and make purchasing decisions based on peer comments and experiences), and the ways in which companies were expected to respond to these changes in relation to a Social CRM initiative.

A number of respondents indicated that there had been a rapid growth in the use of social media by customers, and such growth had empowered customers to potentially ask questions, to report satisfaction, to complain and to express experiences about brands more often than in the past. These changes in customer behaviour pointed to the need for companies to develop the ability of their brands to be responsive to changes and opportunities in the marketplace.

More and more customers will become more and more used to, or... accustomed to speaking with brands in social media or digital media. This will change their behaviour. They will ask potentially more questions more often and it's up to a brand to become responsive. [COM13_IT]

Most respondents also mentioned that customer service had been rising and customers were looking to brands to create an immersive experience that spans social media channels. There was an increase in customer preference for contacting and receiving customer service through social media (over traditional media channels e.g. phone or email) as customers felt that their queries or requests would be seen and acted upon quickly.

Sometimes people go to Facebook and Twitter for customer service rather than go through the phone and find who's customer service. If they email, is someone going to look at that? But I know someone in going to look at the Twitter and Facebook page. [COM11_MD]

As noted by some respondents, customers tended to trust their peer's opinions of products or services over experts; the latter was viewed as advocates instead of the 'objective' experts.

The interesting is, within the [our] trade, it's believed that the consumer is twice as likely to believe a peer as an expert because they kind of think the expert is maybe a little bit too posh for them, or perhaps they're being paid to say that, or perhaps they're a friend of a friend. [COM11_MD]

A few respondents also demonstrated their preference to work with young colleagues during the implementation of Social CRM activities. In their view, young staff members were more energetic and had a better understanding of what 'Generation Y' customers want, compared to older staff members.

I'm really excited and I feel very privileged to work with so many young people who are so... And I think listening to younger staff and giving them the responsibility of developing this has been very empowering, has been very positive, and has had the perfect pitch for the customers we want to reach.. So, we really believe that young staff are the best at this [social media]. [COM7_C]

Contextual conditions of social media usage

The 'contextual conditions of social media usage' sub-theme related to how the adoption or use of social media (the 'social' part of Social CRM) by companies pertained to, or depended on, the context or sociocultural settings to which the company belongs. The type of business and the market served were viewed by most respondents as a critical factor in determining the

appropriateness of social media adoption. Most respondents agreed that adoption of social media was more appropriate for ‘service-oriented’ business or ‘business-to-customer’ (B2C) companies, compared to ‘manufacturing-oriented’ business or ‘business-to-business’ (B2B).

In terms of social media...a lot of our business is B2B. So, most of our primary business is B2B but then all of our service work is B2C, so that [social media] becomes quite valuable there. [COM5_MD]

But in the manufacturing and business to business, forget it!!! It's a hard push. [COM16_C]

However, a few respondents recognised the potential value of social media tools for B2B companies, although they had not yet leveraged a lot on such tools.

I think B2B businesses which is effectively what I am. I don't think they quite yet see the... there isn't a lot of leverage to be had with B2B yet. It will come though. A bit like online shopping eventually B2B was where the real action was happening. [COM15_MD]

Some respondents also mentioned that they used social media to reach individual customers and local community, not for corporate customers.

What we use Facebook for, is not for our corporate customers...They find the details on the website, book via email and then we confirm via email. However, for a local community, we use Facebook. [COM7_C]

As indicated by some respondents, the demographic of customers that a company had served (e.g. age, gender, education and income) was an important issue that needed to be considered before deciding to adopt social media technology. This was because such demographic would determine whether the company's customers were ‘early technology adopters’ (being keen to use digital media) or ‘technology laggards’ (refusing to adopt digital media).

The issue with Social CRM for us ...which is a training organisation, is that we need to look at the demographic... The average age group, average age of that particular group, is sixty two years of age So, there are more likely to be tactile people than people that are going to dive into technology and look, honestly. [COM16_C]

There was a general agreement among respondents that while social media was valuable for all sizes of companies; larger companies, due to being well-resourced, were in a better position to utilise and capitalise on opportunities offered by social media and Social CRM compared to their smaller counterparts. Large companies were viewed as possessing

advantages over small companies in their ability to create hybrid structures to manage Social CRM properly.

Yes, it is a resourcing thing and about the reality of still being a small business and I think all small business would really struggle with that [adopting social media and Social CRM] ...big companies are recognising that it's all those things. And they're creating kind of hybrid structures to manage it properly. [COM8_MD]

Impact of business environment

The 'impact of business environment' sub-theme related to competitive and economic forces or the rivalry among companies for customers and profits which affected the ways in which companies operated and their adoption of Social CRM. It can be stated that this sub-theme related to an external factor that affects the company both directly and indirectly in making a decision about Social CRM adoption, such as intensity of competition in the market. Many respondents indicated that one of the key reasons for their company's decision to embrace Social CRM was to respond to or imitate the actions of their competitors and adapt such actions in their own business context.

There's a competitor of ours called [Name of competitor]. They started in the UK, and it puts consumers in touch with other wine makers. I think there's five year before...we are still in stage one with our social media very much and we're still in the embryonic stage with people working out what is the best way to make the most of it. [COM11_MD]

In the same vein, a number of respondents indicated that they kept an eye on the Social CRM related activities of other companies in their industry and attempted to enact such activities in a better and more creative way.

A lot of it's just watching what they do and then try and do it better and more creatively. [COM2_M]

Yeah, I guess there's that sort of general routine, they follow us, we follow them. You keep an eye on their social media feeds. [COM8_MD]

Some respondents indicated that the use of social media technology provided them with a strategic advantage over their competitors who did not adopt such technology.

We are far ahead of our competitors; there are two other hotels in town that do not have any forms of social media...So we see that as a competitive advantage... [COM7_C]

Yet, the opposite viewpoint was made by a few respondents who did not see competitors as the force to move their company towards adoption of social media technology. In their view, social media was not the way they earned or kept business, given that in the near future new technology platforms would come along.

So I would never see it [social media] as being a tool that I would force to use because a competitor was using it. [COM17_MD]

I guess maybe new platforms will come along. But I still don't think it [social media] will be any more central ... to the way that we earn business, or keep business. [COM8_MD]

Managing team responsibilities

The 'managing team responsibilities' sub-theme related to the ways that companies managed and allocated work and responsibilities of staff in relation to their Social CRM initiative. As with other new market-related technological projects, Social CRM required a good project team involving collaboration between marketing and IT departments, as well as the effective management of the team responsibility.

There was a general agreement among respondents that to manage Social CRM initiative successfully, companies needed to have a member (or group of members) of staff who were enthusiastically committed to do and be in charge of such an initiative.

We did have a member of staff here who is very enthusiastic about it who's on maternity leave. [Name of employee] put a lot of effort in...above and beyond her day job to make social media happen...you need someone who is... doesn't have to be dedicated to it, but is committed to doing it. [COM8_MD]

Almost all the respondents indicated that the idea of bringing Social CRM into their company was initiated by the marketing department, and marketing staff played a key role in managing and monitoring Social CRM activities.

Look it [the idea of Social CRM adoption] probably was marketing. I joined the firm in January. So, I'm still relatively new but in terms of the marketing function, that most definitely sits within marketing. [COM1_M]

It's Marketing department, all the marketing employees take fully responsibility for Social CRM [COM12_M]

Only a very few respondents mentioned that the initial push of a Social CRM initiative came from their IT department who had a better understanding of technological circles and trends. The IT department then handed such an initiative to the marketing and/or sales department.

The initial push came from us [IT team] because we were aware of it in the technical circles and we could see some value in it. Out of that it got handed to sales and marketing because they were the ones that it really should rest with. [COM5_MD]

It was evident from the analysis that managing and implementing Social CRM were a ‘shared responsibility’ of all staff members, both in the marketing (sales or customer service) and IT departments, given that social media technology cut across many different functions within a company.

Social media cuts across many different functions of our organisation. So, in a sense, it’s a shared responsibility and we take shared ownership to work together across different functions. At the moment, IT is not directly involved in the servicing or responding to customer questions. [COM13_IT]

A number of respondents indicated that IT staff typically played a major role in the backend decisions regarding Social CRM platforms, related social media applications and technical requirements.

...of course the backend decisions regarding the platform(s) we use, e.g. who will be our web hoster, etc., strongly involves IT. [COM1_M]

Yes [as IT team], I do a lot of other thing, I do a lot of tracking. Now we’ve started looking at the metrics, trying to find out which business plan would work. [COM9_IT]

Organisational conditions

The ‘organisational conditions’ sub-theme related to the changes within an organisation that impacted adoption and implementation of Social CRM. As pointed out by most respondents, changes in the company’s culture brought about by Social CRM adoption necessitated the need for management to empower social process – or create a shared vision among individual staff – that generated consensus and significant employee involvement.

The challenge really, challenges in, how do you make the company culture with their individual understanding of the culture and individual needs? [COM4_MD]

A number of respondents also noted that the selection of ways or options to manage changes within their company to support their Social CRM adoption was pragmatic, flexible and nimble and that took into account their context-sensitivity.

We pretty much ticked all the boxes in those areas and naturally, you've got to be a pragmatist as well when you run a business. So, all of that taken into account...we've got to be nimble and flexible and fast enough to run because it's a small footprint business. [COM3_MD]

A number of responding companies acted on changes driven by Social CRM by re-branding and updating their website, linking it to their social media sites.

Look I think we've had a website which we recently updated in June with a re-brand for a while probably for about 5 or so years. You know, essentially it's part of doing business. We have to have it. [COM16_C]

As noted by many respondents, it was important for their company to understand the needs of customers and market trends/expectations before changing its business practices to match or to support its Social CRM initiative. Some companies also preferred to be competent in social media use before stepping up to the level of full Social CRM engagement.

I think our channel shows that we are very engaged in the market and understand the market....I got a perspective of what is the consumer looking for? What are they getting, what are they not getting? I guess engaging... it's more medium term before we would step up to another level. [COM11_MD]

An interesting point, made by a few respondents, to 'successful business' was that companies that succeeded in their business should not 'change' their current practices, but rather 'add' new supportive Social CRM practices to their existing business practices. These respondents viewed that growing a business too fast could rapidly bring a lot of problems that were difficult to be managed effectively.

If your business is already successful, and pretty much all the businesses that we deal with are, don't change that. Let's add to that.... Look, the business went through a rapid period of growth and created a whole lot of problems that came with that...it was very difficult to effectively manage that..., impossible, I found, to staff it appropriately. [COM17_MD]

Recognising the role of employees

The ‘recognising the role of employees’ sub-theme involved how companies recognised the role of particular employees with social media related responsibility and how companies manage the tension created by the variety of social media, as well as the ways they monitored and controlled the use of social media by other staff members.

Most respondents indicated that employees who did not have the responsibility to manage Social CRM activities or who were not members of the Social CRM team should not be fully allowed to use social media during work hours as this could reduce their work productivity.

They can take up a whole afternoon of somebody browsing around Twitter instead of sending a couple of tweet out and making sure that they don't spend more than half an hour on it. So, you can't just put anybody on....We don't want people to watch YouTube videos all day all night. So YouTube is out. Facebook is out. LinkedIn is in and Twitter is in. [COM10_MD]

Some respondents indicated that there is a way to reduce and to manage the tension of using a variety of social media used, by using them aligned with business unit purposes. Also, the need of the employees who did have the responsibility to manage such activities is required.

But one thing we could use Twitter is in our service...so we need to identify which business unit would benefit from which CRM tools. So, Facebook is really good if you want to sell after market, if you want to sell cars, but if they Twitter, it's more aligned to what the service people provide because people come in a lot for service. [COM9_IT]

I would see that we should be able to use Twitter and Facebook as a way to actually integrate into our ticketing and management systems... you've got to have someone checking that every thirty minutes. [COM17_MD]

However, a few respondents mentioned that due to the micro-to-small size of their company, all employees were granted flexibility in the use of social media during work hours as long as they delivered their work on time.

...because we are a really small company. So for stuff to happen, it does need to involve everybody. [COM15_MD]

Yeah, you have to have it. Some sort of control...people are getting the flexibility to use Social CRM and social tools. However, they need to deliver the work on particular time and date. [COM4_MD]

Response management

The ‘response management’ sub-theme related to the effective strategies, methods or actions that companies used to respond to comments and complaints from customers or people. There was an agreement among respondents that negative comments or complaints from customers needed to be dealt with quickly and in a systematic, thoughtful manner with support from top management. Effective management of negativity could potentially lead to future paid work.

If I find something negative...I actually take it to team management, so I escalate it. And then management explain it to me and they explain what happened with that particular client...And then we basically work together to come up with a solution... and if I do that effectively enough and they [prospects] like it, then they might use us in the future for paid work. [COM2_M]

Most respondents agreed that deleting or hiding negative comments was not a good way of managing Social CRM.

Obviously the easier solution, if I can actually do it, is just hide the person, hide the inquiry or delete it. I’m not advocating that at all for Social CRM, actually I think that’s the wrong way to go about these things [COM2_M]

However, some respondents preferred to remove abusive comments at first glance (instead of an instant response), and then immediately contacted the person who posted the comments privately to solve or fix his/her grievances.

If it’s negative, we will remove it from our Facebook page, but we will immediately contact the relevant customer who post that comment. [COM7_C]

No, we won’t do that at all. [Don’t respond to negative comments immediately] We will try and identify that person and we’ll send out a team of our best people get it fixed and make it happen. [COM5_MD]

An important point raised by a few respondents was that there was the need for companies to make their messages to customers/people consistent across all communication channels, both the inside and outside of the company. Mixed messages needed to be avoided as they could confuse existing customers and prospects.

Yes, I would say so. Ideally if those channels are consistent. If you pick some ? on Google+, you should have consistent messages on both which actually accommodates for both groups. Mixed messages will result and if you take a from-outside perspective, you’re confusing the potential customers or existing customers. [COM4_MD]

5.3.5 Practicalities

The ‘Practicalities’ theme related to or was concerned with the experience of or actual implementation of Social CRM, rather than theories or ideas. It involved the aspects of Social CRM engagement by companies and the factors that affected such an engagement, as well as how a business case for Social CRM was built. This theme comprised six associated sub-themes including: controlling and monitoring, database system management, process of Social CRM uptake, Social CRM measurement, Social CRM system and integration, and time and resources. Each of these sub-themes is presented below.

Controlling and monitoring

The ‘controlling and monitoring’ sub-theme related to the policies, processes and activities that companies used to control and monitor customer conversations and experiences across all social media channels, as part of Social CRM implementation. It also included the technological platforms used by companies for continuously scanning and keeping track of comments on social networks or online communities that were relevant to them.

Developing Social CRM that companies could control was mentioned by most respondents as critical for creating and ensuring a better online presence for their business. Companies could develop ‘controllable’ Social CRM by: (i) creating a meaningful forum on their own website (where they can fully control over who posts what) for thoughts, concerns and experiences by customers/people; (ii) letting people know that their problems had been addressed; and (iii) keeping metrics detailing what effect each action had on their company’s Social CRM goals.

One is Social CRM that you can control, you in essence are creating some kind of forum on your own website where people can go and then put their problems and you can respond to that, and still contain control of it. The other is, we do need to build a better general online presence. So start keeping metrics. Sort of let people know that we are addressing the problems. [COM5_MD]

Many respondents pointed to the need for a company to develop a policy that controlled the posting on social media of ‘corporate’ messages by their employees. Checking carefully every single post was essential to ensure the consistency of all messages sent out on behalf of the company to online communities.

I’m talking about posting out. For example, if you have a policy that your employees can post out on behalf of the company, information, disseminating information out,

you pretty much need to... if you really want to get the consistency you have to check every single post, everything that happens. [COM4_MD]

Yet, there was a general agreement among respondents that checking all posts and monitoring social media commentary were very time consuming. Some specific platforms such as Google Alert, Daylight and Radian 6 were used by some companies to help in keeping track of customers and prospects, as well as to monitor some key metrics such as the number of visits, conversion rates, queries and comments.

It [monitoring social media commentary] could be time-consuming, what we do is, we actually using power of the Google for all this. Google has a product called ALERT, not sure you have ever heard about this. [COM4_MD]

A few respondents suggested the use of advanced Social CRM software to make it easy for companies to track the conversions back to search engine traffic, for example, advertisements (or search campaigns) in which companies were running on their social media sites.

That's actually one of the challenges for me without using a Social CRM platform is tracking the conversions back... I mean like really difficult. But if you actually have some advanced Social CRM software which they have out there which is quite readily available [COM2_M]

Database system management

The 'database system management' sub-theme related to the methods that companies used to manage, manipulate and retrieve customer data stored in their CRM database. It was evident from the analysis that most responding companies had a traditional CRM system in place, and had incorporated social media features into it in order to develop and establish their Social CRM system. A common approach to manipulating a relational database (used especially by small and medium companies) was to get a list of target customers from published lists of people, download the list into their own database (using White/Yellow pages for helping with cross-referencing), export that list and upload it to a company's email marketing platforms.

We had that and the also the federal government published lists of people they funded and well. So, we'd get a list that we downloaded into a database and then cross referencing using either the white pages. Then we use, we then export that to use some sources like email marketing. [COM15_MD]

A number of respondents reported that the database of their company was segmented in order to strategise and position their product or service offerings for the particular target audience. Market segmentation – that is the process of identifying and targeting groups of individuals who are similar to one another (in terms of e.g. product/service needs or sensitivity to price) – was commonly used in database marketing.

We can do some segmentation and obviously, as the marketing manager, I'm very conscious of thinking about who the target audience is. Is it all of our clients or is it a segment based on some criteria? What's that criteria and can we segment based on that criteria? So, that sort of... yeah. [COM1_M]

As part of market segmentation, responding companies with small-to-medium size mentioned that they merely collected data related to 'general' customer purchasing behaviour (e.g. what customers had purchased before), but did not have the advanced technological tools to enable them to collect specific data about what particular products or services people were looking at and which social media sites they used to look at those product/service offerings. This sort of data, where the companies wished to be able to use in the future, would enable them to create specific offers to reflect market segmentation.

So we certainly do collect data related to where customers... what they've purchased before...It hasn't quite got to the level where we can collect data on which pages they look at within our site, and which products. We don't really have the best tools for that. I would assume in the future that's the kind of data we would be able to use... we can tell, what are people looking at and trying to create offers to reflect that. [COM11_MD]

In contrast to smaller companies, large companies (constituting a very small portion in the interview sample) reported that they possessed the advanced technological tools that helped directly feed specific data on customer purchasing behaviour into their CRM system. These advanced tools enabled them to have registers of ideas, problems, concerns and opportunities that came from social media. A way forward for these companies was finding a new technological tool that takes into account the context-specificity of their business processes.

Correct, we do have those systems...and then you directly feed it into the CRM's...So you can actually then have an idea register, you can have a problems/negativity register in our CRM or opportunities register...but in the future we will see tools that can then meet or they can implement the business process particular company's in. [COM4_MD]

Process of Social CRM uptake

The ‘process of Social CRM uptake’ sub-theme related to the processes, mechanisms and practical actions used by companies during the adoption and implementation of Social CRM. Most respondents reported that their company was at the early stage of Social CRM adoption, supported by informal decision-making processes.

So, yes...not formal. But certainly a lot of informal decision process happens, so it is intuitive...However, we do go through quite a bit of analysis probably look at something like this. [COM3_MD]

It was evident from the analysis that adoption of Social CRM by responding companies was relatively ad hoc and not supported by a formal defined strategy and policy framework. This could be due to resource/knowledge constraints related to the small size of most companies in the sample, which imposed barriers to the development and formalisation of Social CRM as a well-defined strategy. Notwithstanding the absence of a formal defined strategy, most companies indicated that they had processes for managing Social CRM, characterized by high levels of informality and personal knowledge.

We do have some policies, but it is a small company and we do not strongly use it. We don't have but we generally discuss it with our general manager if we feel something to be addressed and needs to be... you know, it's of concern. So far, we have not had that. [COM7_C]

No, I would say.... [Don't create Social CRM as a business strategy] ...at this stage, it's more ad hoc than a defined strategy. We don't have processes behind it to really push it and control it which is probably what we do need. [COM5_MD]

There was a general agreement among respondents that the uptake of Social CRM required a company to create a ‘shared vision’ of a customer-centric business culture among organisational members, and to link such a shared feeling of the ‘individual-team-company’ culture to Social CRM objectives and strategies. Long-term goals for Social CRM were seen as a more abstract level than short-term ones.

To enable that process, that's where I think both CRM and Social CRM come into play....the culture, as a team, as a company, did influence our approach to social networking and CRM...Long term at a slightly higher abstraction level. [COM3_MD]

A number of responding companies indicated that a business case for their Social CRM was built on and extended from the business case for social media, both aimed at strengthening

brand presence. Understanding by companies of their own business case for Social CRM was essential before deciding to invest more in such an initiative.

The business case for social CRM extends from the business case for social media and our brand presence on social media. Yes, but we need to understand the business case behind any new investment. [COM13_IT]

Three commonly reported methods for developing a business case for Social CRM, as indicated by respondents, were: (i) conducting self-research to build their own business case; (ii) hiring a consultant from an application service provider to help in the development processes; and (iii) observing what other similar companies were doing in regard to Social CRM.

I did a bit of research first. I have a bit of a university background. I was in university for a long time. So I kind of did a bit of a research study. [COM2_M]

We're really in the early stages, we're still building a base...We do it internally, ourselves. We do have some application tools that we use. [COM12_M]

We do have a consultant...what they do is they handle our website and also parts of our social CRM. [COM9_IT]

It's quite specific. So we would watch what our competitors are doing. [COM7_C]

However, some respondents from small companies indicated that there was no need for their company to develop a 'formal' business case for their Social CRM given the time-consuming and costly processes associated with such a development and the larger cost-benefit risk in the short term.

Yeah...um...certainly not a formal business case per se...I understand what a formal business case is... and certainly in a small organisation like what I have now, that's not necessarily the way to... because it does take up a lot more time than is profitable becomes the question mark. [COM3_MD]

Notwithstanding their early stage of Social CRM adoption, none of the responding companies had 'fully' integrated Social CRM into their business operation. Yet, such integration was set as a future agenda for them to add greater value to their business operation and management.

I like to make sure that anything we do becomes an integrated part of our business operation rather than something that's stuck on the side of it. I would like to see it to grow from within what we do and go, "hey, here's the logical way to extend that", rather than, "I've got a social CRM sticker, what can I stick it on to?" [COM17_MD]

With regard to the most appropriate approach to Social CRM adoption and implementation, a group of respondents stated that it was crucial for companies to have a competence in their existing ‘early’ stage of Social CRM adoption before moving to the next, more sophisticated stage of Social CRM implementation which could involve, for instance, engaging and serving broader community-based needs.

You really have to pick your battles when it comes to Social CRM...you ‘re really, really better off just focusing on one thing, doing it really well and when you’ve mastered it...you move to another one and try and expand your social media footprint. [COM2_M]

Yeah, exactly [Firm is in Stage 1 to find out the best way social media goes]...we’re just about to launch with a major media organisation....And there is the potential to build the community. But it’s stage two for our business. [COM11_MD]

Strong support from senior management was considered by all the respondents as one of the most important factors for successfully engaging in Social CRM.

Yes, I do believe that our Social CRM initiative has been supported from our managing partner and senior leadership team. For those who struggle with this, yes, it is a big issue for them. [COM1_M]

Social CRM measurement

The ‘Social CRM measurement’ sub-theme related to the methods or metrics employed by companies for measuring and tracking the success of their Social CRM effort with respect to their business objectives. A number of responding companies indicated that they attempted to create metrics for measuring the outcome of their Social CRM activity. Yet, the metrics were characterized by informality and involved the information obtained through reports generated from social network providers with no direct measure of the return on investment (ROI) of Social CRM.

Yes, we do. There are a couple of reports.... We get reports from Google Analytics a couple of reports from Facebook, how many hits our ads have got, how many people click on the links, email marketing, when we send out emails how many people have clicked on that and came over to our site. [COM9_IT]

Some respondents indicated that they measured the effectiveness of their Social CRM activity through customer feedback and comments.

...and that was also measured by a feedback we received from our existing and new client. [COM4_MD]

Only a few respondents from large companies stated that their company developed specific metrics for measuring the direct impact of Social CRM activities on its business objectives.

We worked out what metrics we could measure, and then we matched that against our business goals and objectives. So, we have to understand our business goals and objectives before we can understand what we are going to measure. And then we measure it to see if we're achieving those objectives. [COM13_IT]

A few responding companies reported that they measured the outcome of their Social CRM effort by matching of a conversion (turning) of inquiries on social media to paid work against its related expenditure.

Well, I try where possible. I try and match my expenditure toward a conversion and so I see a conversion as being an inquiry which actually comes into our firm which we have a chance of actually turning into paid work. [COM2_M]

Social CRM system and integration

The 'social CRM system and integration' sub-theme related to the integration of multiple systems or platforms to reduce the number of the company's databases and to create the 'all-in-one-place' system that facilitates with ease the management of and access to customer data. It was evident from the analysis that most companies had multiple Social CRM related databases – including the traditional CRM system and a separated database for each different social network platforms – that contained information about their customers' attitudes, preferences, and purchasing behaviours, but rarely were these databases fully linked and integrated. Integrating the information in these various databases would enrich the value of Social CRM, create a better marketing opportunity, and increase the ease of engaging with customers.

Internally, here we have a CRM system internally...We have all of our customers' details in there and we track them against our legal cases and the money and all that kind of stuff. [COM2_M]

...It, to me, should be seamless. So, as a company, when we want to create a marketing opportunity, we should not have to for example, have a separate database that we market to called "Facebook", or a separate group called "Twitter", or a separate bunch of people called "LinkedIn". It should just be completely seamless. [COM3_MD]

As noted by respondents, creating the ‘all-in-one-place’ system that combined, in a blended form, multiple different platforms, must be done from both internal and external perspectives. Specifically, companies needed to ensure that all information put in the integrated system is secured and able to be accessed from the perspective of both employees and customers.

One thing I would say that is that many of the organisations are looking to integrate together many different platforms. So, it's a game of putting together existing services into one place, the working environment. Which can be secured and accessed from inside...I mean from the employees' perspective, but also from outside from the customers' perspective. [COM4_MD]

Some respondents also mentioned that CRM providers offered them modules or services for integrating Social CRM into their internal CRM system. Nevertheless, such services were too costly for them to afford at this stage.

Well there's now a module [from CRM providers] you can get that does do that. We at this point, we haven't actually done that. So, it is sitting there and it's waiting for us to do it, but we haven't done it. [COM15_MD]

It's not cheap. Consultants in this field are bloody expensive and don't really show you much sales results. And while they've got great ideas, sometimes those ideas can be ridiculously expensive. [COM11_MD]

Time and resources

The ‘time and resources’ sub-theme related to the ways that companies used to manage their time and resources for implementing or investing in Social CRM. It also included the amount of time that companies allocated to their staff members to work on and monitor Social CRM activities.

The analysis revealed that the amount of time each employee (who was in charge of Social CRM) devoted to Social CRM activities ranged from 2 hours to 12 hours per week, with an average of 4 weekly hours.

Social CRM, it probably falls back to a couple of hours, if that, a week. Again, like I said before, ad hoc... and so, on average probably a couple of hours a week. [COM3_MD]

We might spend about 12 hours a week. And you've got to engage with these people and get back to them. [COM11_MD]

Most of the respondents agreed that the key challenge in Social CRM implementation was a scarcity of resources and time for determining an appropriate approach to Social CRM. Time consuming for understanding the notion of Social CRM, for adapting and learning it in the company's context, and for properly implementing Social CRM, was a critical concern among respondents evidenced from the analysis.

The challenge is, managing your time with everything else that's going on. I've been at the firm that since January and we've re-brand in that time, and that obviously was quite time-consuming. Built a new website, re-launched the market had a media strategy etc. [COM1_M]

It can be... it's got the capability to do that. We've never actually like set it up for that, and obviously it takes a fair bit of setting up and maintenance to keep that sort of thing [Social CRM] going... there's a lot of a lot of things that don't work or never come in on time or on budget, so it may or may not happen [COM3_MD]

Another key barrier to adopting or implementing Social CRM identified by most respondents, involved a lack of skills and expertise to identify and use resources properly.

What would be the issue and the challenge is to find somebody, to find a resource. Because, it's like, many marketing activities... it's a long term thing. Would have to be somebody who's fairly effective and who doesn't dawdle around because these things are often time traps, you know? [COM10_MD]

Many respondents mentioned that larger companies had more resources, and thus they were more likely to effectively manage the risks and costs associated with Social CRM adoption than smaller companies with lesser and limited resources.

Big companies, obviously, can put dedicated resource against it, but the small business I guess it's quite hard to get sustained focus...I think intrigued now... [COM8_MD]

The commitment of resources (with top management support) to Social CRM was identified by several respondents as the next step of their Social CRM implementation.

So, I think it in term of move technique to the next step would really require commitment of resources to be able to update on a regular basis. [COM1_M]

5.3.6 Uncertainty

The ‘Uncertainty’ theme related to doubts, concerns and uncertainty about Social CRM adoption expressed by respondents which had led to their reluctance to embrace Social CRM as central to their company’s business process. This theme comprised three associated sub-themes including: concerns, social media failure, and uncertainty of Social CRM. Each of these sub-themes is presented below:

Concerns

The ‘concerns’ sub-theme related to concerns raised by respondents about security breaches and data leakage from the use of social media. These concerns made the use of social media in companies highly restricted, and consequently deterred or impeded them from engaging in Social CRM initiative.

Time wasting and distracting and potentially allows security breaches into the IT network. Yes so it’s highly restricted. [COM16_C]

There was a general agreement among respondents that Social CRM was not appropriate for a company that seeks to protect the private information of customers and the company itself. The possible disclosure of this information to the public and the leakage of internal data to competitors were privacy concerns surrounding social media use.

That’s it could be somebody selling, somebody that’s not involved in the privacy things that I am, you see? There’s a lot of negativity about my profession, and scepticism and that makes it hard...A company has lost information or if information has got to their competitors...that could’ve leaked it. [COM14_C]

Some companies had experience of having social media accounts hacked.

...there was kind of a troll, or somebody hijacking our accounts in LinkedIn...it took a while for us to set up our page or to regain it. [COM10_MD]

A few respondents also reported cyber-bullying as a serious concern in social media sites.

There is more bullying and things going on those... cyber-bullying in those sites than anywhere else... and it starts through Facebook with young people but it’s also adults and adult get bullied too and they often don’t know “where am I gonna go to?”, “who am I gonna complain to? [COM14_C]

Social media failure

The ‘social media failure’ sub-theme related to the factors that led to the failure of a social media initiative and Social CRM implementation. A number of respondents indicated that the resistance to using social networking technologies among ‘older’ staff members – or a lack of involvement of all employees – potentially led to social media failure. It was evident from the analysis that older employees preferred to use traditional communication channels such as phones and email over social media communication channels. The reverse was observed for young employees.

... they're people who are aged over 45 and they just didn't really respond well to trying to cut out the phones and email...trying to get them to move technologies to something like YAMMER was just a really too much of a big leap...if everyone doesn't use it, it falls apart. I had to involve the IT department to help set it up. It ended up failing miserably. [COM2_M]

A lack of time, resources and expertise to manage social media as well as an inadequate change in associated corporate strategy were mentioned by several respondents as important factors leading to social media failure.

...You have to really commit to twitter if you are going to do it...you need to be able to Tweet at least 2 or 3 times a week and respond... And so I don't see that as being realistic unless we had a complete change of strategy and through resources, but I can't see that happening. So I can't see us really doing the Twitter thing. [COM1_M]

A lack of top management support was also identified by several respondents as a critical factor causing the failure of using social media and implementing Social CRM. Specifically, the analysis revealed that top management perceived the ‘low’ level and quality of inquiries and no monetary gains from Social CRM, as most of young people were on social media and these people wanted free advice and did not want to pay for services.

....the level of inquiry and the quality of that inquiry has been remarkably low in their [top management's] opinion. So they think... There's a lot of that Social CRM inquiry is coming from younger people... And a lot of them try and pull up and get free advice, and they don't really want to pay for anything. [COM2_M]

Laws and regulations enforced in the industry sector to which the company belongs were also identified by respondents as factors restricting their use of social media.

...and for a law enforcement organisation sure. Each State is different each state has different attitude to it as far as policing is concerned. As well as various federal law

enforcement and organisations...when I'm working at it that restricts me from using Facebook. [COM14_C]

Uncertainty of Social CRM

The 'uncertainty of Social CRM' sub-theme related to the issues raised by respondents of uncertainties associated with Social CRM adoption. These issues included the doubts in: the company's ability to fully understand Social CRM technology; the future of such technology and how it fits with their business; as well as the 'net' benefits that Social CRM could actually offer. These uncertainty-related issues made respondents reluctant and hesitant to further uptake the full-scale Social CRM activities.

My background leads me to believe that... I'm just unsure how good that technology can really be. I'm not sure we can fully understand it. And we would just spend all this time looking at data and spending a lot of money doing it, but is it going to sell more cases? [COM11_MD]

Another echoed this sentiment,

Social media helps keep in touch, but it's not central to the growth of the business, it is a nice to have...I'm not sure whether or not the things that we dabble in now in terms of external social media will have changed that very much...Facebook is probably the most questionable for us. As to whether it really fits? [COM8_MD]

The analysis also revealed that a number of respondents were uncertain about the applicability of Social CRM to other areas of the business, the costs involved in Social CRM investment, the benefits received, and whether these benefits outweigh the costs. The latter involved a lack of understanding of how to measure return on investment from Social CRM.

I think one of the bigger concerns with Social CRM or social media in general is also applicable to other areas, and what that is, is the inability to clearly identify and benchmark and quantify the various aspects and therefore the benefits...there is no understanding of what the ROI, return on investment, is. [COM3_MD]

5.4 Interpretation of qualitative findings

This section presents the interpretation of the findings from the qualitative data analysis in relation to the six themes identified in the previous section. The section aims at gaining a deeper understanding, at a more detailed level, of the adoption, implementation and execution of Social CRM initiatives by Australian companies.

5.4.1 Engagement

As evident from the analysis, companies adopt Social CRM in order to utilise and take advantage of the social media feature of such an initiative to: reach out to a large audience in a short time frame, to create a real-time communication channel with existing and potential customers, to gain a better understanding of product/service offerings and ways to improve their quality, to build positive customer experiences, and to create connections with brands through meaningful brand engagement. The social media feature of Social CRM is not just a medium for interaction but also for sharing content and useful information across several different platforms. Through such a feature, the users (existing customers and prospects) can interact with a company's website, and the company can drive awareness of its content and boost website online presence. By integrating social media into traditional CRM, Social CRM is seen as a 'strategic engagement' tool that incorporates elements of marketing, sales and customer services to create more interaction through a conversation for customers with the aim of bringing about superior engagement with customers. It is an effective way to strengthen brands and enhance trust-based relationships with customers. In this way, Social CRM focuses more on customer engagement than on customer management.

Social CRM can provide a more complete view of the customer through extending relationship marketing into the social media sphere, allowing companies to more easily track, respond to, and monitor customer issues on social networking channels, which in turn helps improve a brand image. The evidence from the analysis suggests that the first step to a Social CRM approach to relationship marketing, as reported by companies, is a clear definition of the company's customer base and target market. The next step is incorporating a marketing strategy or tactic such as email marketing campaigns, link baiting and search campaigns into social network platforms, and deploy such relationship marketing to people that are known to the company to promote its products and services and thus to build strong and even emotional connections to its brand; both potentially leading to an increase in sales and profitability.

Positive comments or feedback from customers on such relationship marketing programmes are also used by some companies as online advertising (by posting it on their company's social media page/s) to acquire new customers and retain existing ones. A crucial point noted by companies is that force-feeding advertising or marketing messages must be avoided when introducing a relationship marketing strategy. If customers feel that a company is only interested in force-feeding its marketing messages, they are unlikely to view anything posted on social media by that company or to visit its website, and may report the company to social media providers as a spammer; all will destroy the company's creditability. It is thus critical for companies to maintain a good balance between promoting their products/services and truly offering useful information for customers and prospects.

In a highly competitive and dynamic environment, companies are increasingly focusing their efforts on customer insights or a deep understanding of the demographic, psychographic and behavioural attributes of their customers. These insights would in turn allow companies to define specific customer segments to be targeted. In order to gain customer insights, as demonstrated by the interview findings, different approaches to Social CRM are used to manage different types of customers (B2C or B2B). A single emphasis on the views of existing customers, however, is not sufficient to understand and meet the needs of the market and the target audience. It is also vital for companies to listen to potential customers such as prospects and encourage them to interact with a company's brands. As with existing customers, the views and attitudes of potential customers towards brands will enable companies to assess their current business goals and facilitate the development of their future business plan. As a point to note, potential customers targeted for relationship development need to be those who are known to the company (e.g. employees' friends and family). Immediate engagement with unknown people can weaken the relationship and lead to non-desirable outcomes.

There are a number of social media tools and companies will make adoption choices based on best alignment. The analysis reveals that the use of social media tools by a company needs to align with the type of business that the company is engaged in. In this sense, the selection of social media tools for incorporation into Social CRM is context-specific, depending upon not only the specific requirements of customers but also the nature of the business and the sector

to which the company belongs as this will determine the threats of lawsuits and negative aspects derived from specific types of social media.

5.4.2 Facilitating Transparency

As perceived by companies, transparency is an inherent reality of engaging in Social CRM, because customers and people will talk about the issues, problems and experiences associated with the brand and products/services of companies through various social network channels. Companies need to embrace this by transforming their culture from controllability-focused to openness and transparency in communicating with customers and prospects, conveying a realistic picture of business and product/service offerings, emphasising customer involvement and conversation, and getting involved in guiding that conversation to generate a meaningful result. Doing so enables customers to trust the brand of companies which will, in turn, have an impact on their brand's bottom line.

Several methods and strategies have been used by companies to facilitate transparency in Social CRM related communication and encourage a trust-based relationship with customers, prospects and people. First, companies listen and try to respond to all positive and negative comments from both existing and potential customers and use these comments to improve their product quality. Removing or hiding customers' complaints except those that promote hate speech, harassment and violence must be avoided as this is not a standard practice of Social CRM. Some companies prefer not to respond immediately to negative comments from customers, but rather prefer to contact them privately to get their problems fixed. However, other companies believe that they need to immediately respond and address negative comments on social media to prevent such negativity from being widespread and jeopardizing their company's online reputation.

Second, companies attempt to select the most suitable social media tools or those that fit well with their business context to transmit messages to a broad audience, and link such tools to their company's website in order to boost up their website traffic. It is evidenced from the analysis that different social media tools are used for different purpose, and therefore not all the tools are appropriate for all companies. Specifically, the analysis reveals that Facebook and LinkedIn are commonly used for building an online community, while Blogs is used for co-creating online contents with customers. Twitter and Google+ are typically uses for

disseminating useful information, articles and news, whilst YouTube is used for demonstrating or promoting a company's new products. Yammer and Pinterest are typically used to enable users to organize and share pictures and videos from across the internet, whilst Google alert, Daylight and Randian6 are mainly used for tracking and analysing customer activities.

Third, given the perception of the negative consequences or risks brought about by the use of social media tools such as security breaches and data leakage, companies typically use social media channels in complement with traditional communication channels such as phone, website, email, and face-to-face conversation. Specifically, some companies use traditional channels to directly communicate their messages to customers/prospects and to drive their bottom line; and use social media channels to promote products to customers/prospects, receive their input and feedback to improve product quality, and build a long-term, trust-based relationship with them. However, for companies that have a formal privacy policy for protecting the personal information of customers, their use of social media tools is restricted. In such case, people are encouraged to contact the companies privately in the first instance via their website contact form. This is aimed at protecting customers' privacy and confidentiality. The interview analysis shows also suggest that in some companies, social media is not used as the channel to fully embrace the voice of customers; rather, it is used as a complementary channel to disseminate useful information and promote brands and products/services.

Fourth, engagement with customers at a more personal level is also employed by companies to enable transparency and brand trust. In this regard, some companies do research by searching and getting the background information of a target person that is publicly available on social media sites, prior to fully and personally engaging in conversation with that person. Doing such research would help inform a company of any particular interest in products/services of that person and facilitate the ease of filling his/her needs when approaching him/her through social media channels, hence providing the company with a great opportunity for interaction and meaningful conversation with that person.

Finally, the interview also revealed that as part of their Social CRM implementation, companies have created their own online community to facilitate transparency and build a strong and rich relationship with customers, prospects and people. An effective online

community consists of two important aspects: (i) being and keeping active; and (ii) having a critical mass to warrant people attention. Maintaining an active online community involves recognising efforts and involvement where the community sees that something useful has been done with their thoughts and opinions, that is, the voices of people in the community being heard. With respect to creating a critical mass, an approach used by companies is encouraging employees and their family and friends to join or like the companies' social media pages. Indeed, once a critical-mass online community being active and that people in the community feeling a part of something that matters, new customers will be attracted and customer loyalty and advocacy will be encouraged.

Apart from methods used to facilitate transparency in Social CRM related communication, companies also employ an approach to managing, monitoring and controlling social media use. This is important given that social media allows everyone to freely make comments regarding a company and its products/services, and hence a lack of control by the company over the comment moderation process could damage the company's image and its reputation. As evident from the analysis, each company develops informal guidelines for the use by staff of social media tools, and has a particular staff member or a small team of staff members that are in charge of managing or monitoring comments on social media. Other employees with no responsibility for social media management are restricted of their access to social media tools at work for fear of data security breaches and a lack of control over what they post on social media sites (inappropriate posts could ruin brand reputation).

Barriers to successfully facilitating transparency in Social CRM implementation include a lack of knowledge, skills and expertise on how to use social media technologies effectively and how to integrate such technologies into a CRM system smoothly and efficiently, as well as insufficient time to devote to developing skills or providing staff education and training for the effective implementation of a Social CRM related process. In Australia, companies are in the early stage of Social CRM adoption, characterised by high levels of informality, learning and problem-solving. At this stage, and given their awareness of the importance of knowledge as a key to success in Social CRM adoption, the method that companies generally employ to obtain such knowledge is by observing Social CRM activities of other similar companies in their industry sector, and imitating and adapting such activities for their own use. Since the planning and execution of Social CRM in Australian companies rely heavily on knowledge and technological skills of senior management, it is thus crucial for senior

management to have sufficient knowledge of what Social CRM is and how such an initiative is important and relevant to their business, as this will help ensure the successful implementation of such an initiative.

5.4.3 Looking to the future

Social CRM involves using social media capabilities and technologies to expand and deepen the traditional CRM approach. The emergence of Social CRM has changed the scale and perspective of brand involvement in social media and has raised companies' engagement levels with customers and people. As evident from the analysis, building brands is one of the key objectives for Social CRM adoption, and thus Social CRM is usually seen as a 'brand strategy' that allows companies to revitalise the relationship with customers/people by creating a deep-seated change in brand attitude, building a new meaningful relationship that places a particular focus on the idea of conversations, and incorporating customers' more positive experiences into brands. Thus, it would appear that in the future, building brands will continue to be a key objective for Social CRM engagement by companies, and ideally such a brand strategy should have both the individual and professional levels integrated, though each level having different purposes.

It is evidenced from the analysis that the benefits of Social CRM are linked to those of social media at the early stage of its adoption. Such benefits derived from the 'social media' feature of Social CRM include enabling companies to better understand and improve the customer experience and to foster trust-based relationships with them, as well as reducing the cost of reaching a large audience and enhancing a company's productivity. These benefits are apparent in the short term, and some companies have attempted to link these benefits to their long-term financial gain and to integrate both short- and long-term benefits into their future business goals, plans and strategies. In so doing, the 'true' value of Social CRM can be realised.

The analysis reveals that companies are planning in the near future to allocate more resources for the development of their Social CRM system and hence to more fully engage in Social CRM. Due to the relatively low cost of investing in social networking sites in terms of IT and infrastructure, a common planned approach to Social CRM investment is developing a Social CRM system in-house by their own IT department and/or linking social networking platforms

to their in-house CRM system. Compared to their smaller counterparts, larger companies – by dint of their greater financial resources – prefer to employ consultants or use outsourcing vendors to help solve the problems/issues arising from the implementation and execution of their internal Social CRM system, and to help in the planning of future long-term Social CRM goals and strategies. Small-to-medium sized companies generally perceive that the use of consultants or outsourcing vendors is too costly and not appropriate for them. Such a method is more suitable for large companies that have a complex customer database/s and that have availability of slack financial resources which could allow the benefits from using outsourcing to outweigh the related costs over the short term.

The interview analysis also indicates that future investment in the Social CRM project will depend upon the perception by companies of the benefits from their current Social CRM project. Some companies indicate their reluctance to fully invest in a new Social CRM project and will be unlikely to make a business case for Social CRM investment until the concrete benefits of their current Social CRM project are clearly justified and evidenced. It is also evidenced from the analysis that new companies with a consistent and solid cash flow and having a well-managed system are in a better position to capitalise on new opportunities offered by Social CRM, compared to older companies with a lack of ability to find extra funds. Moreover, early technology adopters such as younger people and professionals tend to be more aware of the potential value offered by Social CRM and to increase their investment in such an initiative, compared to older people and non-professionals.

The rapid growth of social networking technologies used by people and customers has been a driving force behind the growth of Social CRM engagement by companies. For instance, the potential reach of Google advertising technology to a large audience has led many companies to integrate Google+ platform and search engine optimisation (SEO) techniques into a Social CRM system in order to drive web traffic to their website and to get immediate visibility for their marketing efforts. Whilst social media has so far been one of the most widely used technologies to optimise business operations online, companies increasingly view that the social media landscape will change in a near future and some of them indicate their preference to wait and postpone their future investment in Social CRM until new, better technologies have been developed.

Technological changes are perceived by all respondents as the most difficult to tackle as they produce the most rapid changes, and such changes have played an important role in enabling their future decisions on investment in a new Social CRM project. Based on the analysis of interview data, companies are highly likely to select and invest in a specific set of social technologies that are most suitable their business. Indeed, effective integration of these technologies into a Social CRM system would essentially require knowledge, hand-on skills and expertise as part of the company's Social CRM project team and of top management. Building such a capacity will help companies enhance their probability of success in future investment in Social CRM.

5.4.4 Managing the Change

The analysis reveals two major external forces that drive the growth of Social CRM adoption by companies, including: (i) the change in customer behaviour and buying preferences brought about by the increased use of social media technologies; and (ii) high competition within the industry sector leading companies to strategise a way to maintain their profitable position. In regard to the former, the rapid growth of social networking use and online communities has dramatically changed the behaviour and consumption patterns of people towards a company's brands and products/services. Specifically, such growth has empowered customers, prospects and people to potentially ask questions and share their experiences and attitudes about brands to their peers far more often than in the past. Incorporating social media into a CRM system hence has become a common strategy for brand promotion and reputation management with the fundamental aim of developing and enhancing meaningful relationships with customers and prospects. In regard to competition, the intensity of competitive forces within an industry has led to observation, imitation and adaptation by companies of the social media and CRM strategies of their competitors or other similar companies. As evident from the analysis, companies recognise that it is crucial for them to adopt Social CRM if their competitors have engaged in it in order to stay competitive; however, the methods for developing and implementing Social CRM need to be adapted to fit the company's business context.

The adoption of Social CRM requires companies to develop and establish an internal process for effective management of the changes brought about by such a new strategy. This includes the alignment of organisational culture to the new strategy such as Social CRM and the

creation of a sense of shared vision among members of the company, both the marketing including sales and customer service and IT departments. The analysis shows that, the idea of embracing Social CRM generally comes from the company's marketing department responsible for front-end development, planning, implementing, managing and monitoring Social CRM activities, whilst the IT department typically supports the marketing department in terms of back-end development of the Social CRM platform and related technical requirements. At the early stage of such adoption, it is critical for a company to possess a shared vision whose development entails goal clarity and acceptance of shared responsibility for achievement of the company's objectives for Social CRM engagement. Arguably, a shared vision can act as a bounding mechanism that helps different functions of a company integrate and combine ideas and resources to appropriately deal with critical issues and problems that may arise during the process of implementing Social CRM.

Creating a shared vision would require a deep commitment by company management towards empowering and encouraging social processes that generate consensus and employee involvement, and that facilitate a supportive and collaborative workplace environment. The analysis reveals that the selection by management of an approach to managing changes within a company to support its Social CRM strategy will take into account the fact that the approach needs to be pragmatic, flexible and nimble. Instead of dramatically changing their culture and structure, companies (especially small-to-medium size) prefer to use simple management structures and shorter lines of communication to develop team creativity and a workplace climate that allows the culture and values underpinning Social CRM to be easily embedded across the entire company, thereby facilitating greater involvement by all staff members. It is also evidenced from the analysis that some companies indicate their preference to have young employees involved in the development and implementation of a Social CRM project given their better understanding and knowledge of social network technologies and of the needs of 'Generation Y' customers and the marketplace.

Key factors used by a company in selecting the appropriate types of social networking sites to be included in its Social CRM system include: the type of business (or the market served), the customer demographics, and the availability of resources. In terms of business type, Social CRM, as evident from the analysis, tends to focus on business-to-customer (B2C) rather than business-to-business (B2B). The findings show companies that serve individual customers (B2C) and a local community as being much more active in the use of various social

networking sites, compared to those that serve corporate customers (B2B). The importance of the issue of customer demographics lies in their determinant of whether the company's customers are 'early technology adopters' or 'technology laggards'. A good understanding of such demographic issues would hence allow the company to select the right social media tools that suit the need and technology capacity of its customers. Thus, changing the company culture to support the underlying of technology of Social CRM is required.

Turning now to the issue of resource availability, a widely held view by respondents is that larger companies, given their greater resource base, possess several advantages over smaller companies that enable growth-oriented social media strategies for Social CRM designed to capture brand recognition and market power. In contrast, small-to-medium sized companies (a large proportion of the interview sample) are perceived as having less strategic advantages due to their limited resource base and narrower range of markets; and therefore, they typically adopt a specific set of social media tools that most fit their business context and where they feel competent and have a positive belief in their ability to succeed. The analysis reveals that smaller companies start to manage changes conveyed by Social CRM by revamping and re-branding their website and linking their social networking sites to the website. Companies at the early stage of Social CRM adoption understand the need to master a steep learning curve and are prepared to work with new technologies. These companies also prefer not to change their current successful strategies, but rather to add new strategies that support Social CRM to their successful ones. The view adopted by these successful companies is that growing business too fast can rapidly bring a lot of problems that are difficult to be managed effectively.

Managing changes induced by Social CRM requires an effective response strategy that enables companies to respond to comments and complaints posted by customers on social media channels and tackle their problems in a timely and positive manner that receives full support from top management. The interview analysis also points to the importance of ensuring consistency across all social networking channels of all messages sent out to customers, both the inside and outside of the company. This is because mixed or inconsistent messages can cause confusion to customers and prospects. To ensure consistent messages, some companies only allow employees who are responsible for their Social CRM project to respond to customers' comments on social media on the company's behalf. An effective

response strategy would indeed help a company not only improve its communication with customers but also portray its brand as attractive and solution-oriented.

5.4.5 Practicalities

The implementation of Social CRM by Australian companies, as found from the analysis, has been relatively ad hoc, superficial, selective, and usually not supported by a formal integrated strategy and policy framework. None of the companies in the study's interviews have 'fully' and formally integrated Social CRM into their business operation. This could, perhaps, reflect their early stage of social media integration into existing CRM systems, leading the processes of managing and monitoring a Social CRM system to be characterised by high levels of informality, personal knowledge, experiment and abstraction (particularly the long-term goals). The analysis reveals five practical approaches to actual implementation of Social CRM employed by companies. First, companies do their own research by observing through publicly available information the activities relating to Social CRM or social networking of competitors or other companies within their industry sector, and by subsequently imitating and adapting the best practices that are most relevant to their business or that most fit their organisational culture, resources and customer base. The latter involves a creation of a shared vision of a customer-centric culture at the individual, team and organisational levels, and an integration of such a shared vision to Social CRM objectives and strategies.

Second, in regard to the process of building and managing customer database for marketing purposes, a common approach to manipulating a relational database used by companies is to get a list of target customers from published lists of people, download the list into their own database, export that list and upload it to a company's email marketing platforms. Companies usually segment their databases with the aim of strategising their product or service offerings for the specific target audience. As part of market segmentation, it appears that small-to-medium sized companies have no advanced technological tools to enable them to collect specific data beyond what customers had purchased before. Such companies cannot collect data on the types of products/services interested by customers and prospects from their social networking sites in order to directly feed the specific data into their existing CRM system. A lack of such advanced tools, indeed, prevents smaller companies from accessing the potential benefits and opportunities that the merging of social media and CRM offers.

Third, the analysis reveals that most companies have multiple, separate databases for different social network platforms, each containing different information about customers' purchasing behaviours and preferences. To easily facilitate the management of data, ideally multiple platforms should be integrated to reduce the number of the company's databases and to create the all-in-one-place system. Nevertheless, at this stage, these company's multiple databases are still separated and not yet fully linked or seamlessly integrated. Even so, such integration – for which all information is secured and accessed from the perspectives of employees and customers – has been set as a future plan by several companies to create a greater marketing opportunity and strengthen the value of their Social CRM system.

Fourth, another common practice used by companies is to develop a controllable Social CRM system – the system that allows companies to fully control over who posts what, to let people know their problem-solving actions, and to keep metrics of the effect of such actions on their Social CRM goals. Controlling and monitoring customer conversations/experiences across all the company's social networking sites are considered essential to ensure its successful online presence. This includes checking carefully every single post of all messages – both 'outside-in' (received from customers) and 'inside-out' (sent out to customers by the company; aimed at ensuring the consistency of corporate messages) – and developing an informal policy to control the posting out by employees of all messages on social media platforms. As checking all posts is very time consuming, some companies prefer to utilise specific social networking tools including Google Alert, Daylight and Radian 6 to help in keeping track of customers and prospects and in monitoring key metrics such as conversion rates and quires. The use of advanced Social CRM software is also evidenced in large companies to facilitate the tracking of conversations back to search engine traffic.

Finally, companies attempt to create metrics for measuring the outcome or effect of their Social CRM strategy. At this stage, however, such metrics are characterised by informality, involved the information from automated reports generated by social media platforms, and not directly linked to the measurement of the ROI of Social CRM. The size of a business seems to matter regarding the development of Social CRM measurement, where smaller companies generally use customer inquiries/feedback on social media and the turning of such inquiries to paid work as indicators for measuring the effectiveness of their Social CRM efforts, while larger companies typically have a specific set of metrics in place for measuring the direct impact of their Social CRM strategising efforts on their business goals.

The analysis reveals that successful development of an effective Social CRM system requires a great deal of effort, time, and resources, as well as a strong support from top management. Compared to large companies with greater resource base allowing for proper management of the risk and cost involved in Social CRM investment (for example, hiring consultants to help develop and execute a Social CRM system), small-to-medium sized companies face more difficulty in embracing Social CRM as central to their business process given a scarcity of resources, knowledge and time: to understand the notion and importance of Social CRM; to learn, adapt and apply it to their own business context (incl. the selection of suitable social networking sites); and to effectively implement such a strategy.

The time-consuming and costly processes associated with Social CRM implementation as well as the possibility of larger cost-benefit risk in the short-term, indeed act as obstacles to the development of a 'formal' business case in smaller companies. This leads a business case for Social CRM in smaller companies to be built on and extended from the business case for social media. The analysis reveals that small-to-medium sized companies avoid being too hasty to move to the next more complex stage of Social CRM implementation until competent in the current stage.

5.4.6 Uncertainty

The evidence from the analysis reveals three main concerns by companies about the uncertainties associated with adoption and implementation of Social CRM. First, there are significant doubts about the concrete monetary benefits from Social CRM investment, as well as the actual cost and resources required related to such an investment. The doubts expressed by companies include: whether Social CRM adoption is a cost issue such as costs outweighing benefits rather than an investment; and whether it can add business value and provide a viable return on investment. This concern also reflects a lack of understanding on the part of companies of how Social CRM can be best implemented effectively to generate improved profits. Second, another uncertainty-related issue raised by companies involves the unclear role, and the rapidly changing nature, of technologies that supports Social CRM, as well as how well these technologies fit the context-specificity of their business. The last concern is driven by the perception that the negative consequences brought about by the 'social media' feature of Social CRM (e.g. security breaches, data leakage, hacking and

cyber-bullying) make Social CRM not suitable for all types of business, particularly those dealing with the personal privacy information of customers where the use of social media (if not managed/monitored properly) can potentially lead to the disclosure of confidential information and damage the brand and reputation of companies. Furthermore, the laws and regulations enforced in some industry sectors could also restrict companies from using social media to interact with people, thus acting as an impediment to Social CRM engagement.

The failure of the use of social media in conjunction with a CRM system is also evidenced from the analysis. The factors leading to such failure include a lack of involvement of all employees due to the resistance-to-acceptance of technology by older staff, a lack of management support, a lack of time and resources to manage and monitor social media activities, a lack of information of how to select appropriate social media tools and to effectively incorporate them into a CRM system, and organisational rigidity where a company culture is not aligned to Social CRM strategy. Since Australian companies are currently at the early stage of Social CRM adoption, to prevent failure in its implementation at this stage companies should arguably emphasise more on the strategic management aspect of Social CRM and less on its technological aspect.

The uncertainty-related concerns expressed, and the failure of social media use experienced by companies mean that the uptake of 'full-scale' Social CRM by Australian business will remain less likely until: (i) such an initiative is explicitly linked to enhanced financial returns; and (ii) companies have sufficient knowledge and skills on online customer-oriented technologies and how to effectively manage them.

5.5 A summary of the interview findings

Social CRM is an extension of traditional CRM where the focus shifts from managing customers to engaging strategically and continuously with customers through the use of various social media tools. In Social CRM, social media is utilised as a channel not only to embrace the voice of customers but also, and more importantly, to provide useful information and promote brands and products/services. In this way, Social CRM is seen as a brand strategy where its benefits are tied to those of social media. To create value for customers and build meaningful relationships with them, different approaches to Social CRM are used to manage different types of customers. The selection of appropriate social media tools needs to

take into consideration the type of business that the company is engaged in, and force-feeding advertising that needs to be avoided. Developing an effective Social CRM system requires a great deal of effort, time and resources to properly monitor customer conversations and/or experiences, as well as strong support from top management who needs to have sufficient knowledge of the Social CRM concept and its potential application to their company.

Transparency in communication is an inherent reality of Social CRM engagement. Companies select the most appropriate social media tools to complement their traditional communication channels, and create their own online community to facilitate transparency and build a long-term trust-based relationship with customers. Engagement with customers at a more personal level is also used by companies to build brand trust; doing so by searching and obtaining the background information which is publicly available online of a target person before fully engaging in a conversation. Obstacles to Social CRM related transparency include a lack of knowledge/expertise on how to use and monitor social media technologies effectively and a lack of time to devote to developing skills for the effective implementation of Social CRM.

A number of companies have integrated both short and long-term benefits of Social CRM into their 'future' business goals. Given the relatively low cost of investing in social networking sites, many companies demonstrate their commitment to invest in a Social CRM system 'in-house' by linking social media platforms to their in-house CRM system. New companies with solid cash flows and early technology adopters tend to be aware of Social CRM benefits and to increase an investment in such an initiative. However, it appears that a 'full' investment in the new Social CRM project or a creation of a 'business case' would be unlikely until the actual concrete benefits of the current Social CRM are evidenced.

In making the transition to Social CRM, companies need to develop methods of effective management of the changes brought about Social CRM adoption, and such methods need to be pragmatic, flexible and nimble; thus fitting their own business context in terms of the market served, customer demographics and resource availability. The first step of managing changes unusually used by companies is revamping or re-branding their website and connecting the website with their social networking sites. Other steps of the effective change management include: (i) aligning organisational culture to the new strategy; (ii) creating a shared vision among organisational members; (iii) having all employee involvement

particularly young staff with a better understanding of Gen Y customers; (iv) developing an effective response strategy to ensure the consistency of both the inside-out and outside-in messages; and (v) not changing their current successful strategies but adding new strategies to the successful ones as growing business too fast can rapidly bring a lot of ‘hard-to-manage’ problems.

None of the companies have ‘fully’ and ‘formally’ integrated Social CRM into their business operation. The implementation of Social CRM is characterised by high levels of informality, personal knowledge and experiment, where Social CRM is guided by informal policies. The most commonly used approach to Social CRM implementation is an observation of the Social CRM activities of other companies within the sector, and imitation and adaptation of the best practices that best fit their own business. Most companies have multiple, separated databases for different social media platforms. Ideally, these databases should be integrated into the ‘all-in-one-place’ system to facilitate with ease the management of data for the market segmentation purpose. Yet, a lack of advanced technological tools prevents companies from developing such an integrated system. However, this has been set as their future plan to create better market opportunities. The size of the business matters for the development of Social CRM measurement where specific metrics to measure Social CRM impacts are evidenced only in large companies.

The uncertainty associated with Social CRM adoption involves doubts about the actual monetary benefits from Social CRM investment and concerns about the negativity brought about by social media channels. The laws enforced in some industries also restrict companies from using social media to interact with people. To prevent failure from Social CRM implementation, it is argued that companies should focus more on the strategic management aspect of Social CRM and less on its technological aspect.

5.6 Chapter summary

This chapter has presented the themes and key findings of qualitative data analysis, based on thematic coding of seventeen semi-structured interviews comprising of six themes (including engagement; facilitating transparency; looking to the future; managing the change; practicalities; and uncertainty) and related sub-themes. The interpretation of these interview

findings has been made in this chapter to gain an in-depth understanding of the adoption and implementation of Social CRM initiatives by Australian companies.

These interview findings will be combined and discussed, together with the findings from the quantitative survey part (Chapter 4) in the next chapter. The next chapter (Chapter 6) will discuss and interpret the combined findings in relation to the literature and relevant theories.

Chapter 6 – Discussion

6.1 Introduction

Chapter 6 presents an integrated discussion of the research findings obtained from the quantitative analysis and qualitative analysis. The combined findings are discussed in relation to the existing body of literature. The decision for integrated data analysis is grounded in a concurrent approach to mixed methods research design. The chapter is structured as follows:

- Section 6.2 presents the research approach to mixed methods unification.
- Section 6.3 draws out an integration of the quantitative and qualitative findings.
- Section 6.4 provides a summary of the chapter.

6.2 The mixed methods unification

The purpose of the present concurrent, mixed methods research was to develop a more complete understanding of the Social CRM phenomenon in Australian companies. In this research, the quantitative and qualitative data were collected at the same time but analysed separately, using the analysis techniques that were appropriate for each data set. Specifically, the quantitative survey data were collected from a sample of 1,060 Australian companies, and were analysed using mainly descriptive statistics (with one logit model). The qualitative data were obtained from semi-structured interviews with senior IT and marketing managers from seventeen different companies, and were analysed using a thematic analysis by applying the principles of grounded theory to support thematic coding. The findings from the large-scale survey enabled the findings to be generalised to a population of Australian companies and facilitate the ease of interpretation, while the findings from the interviews enabled the researcher to gain deep understanding of the mechanics or reasons embedded in the processes related to Social CRM implementation. Bringing together the different strengths of quantitative and qualitative methods – through a synthesis of the combined data sets – therefore enabled the researcher to “*obtain different but complementary data on the same topic*” (Quader, 2007, p.122) to best understand the role and nature of Social CRM in Australian companies.

6.3 Integration of the quantitative and qualitative findings

This section combines and discusses the findings from quantitative and qualitative data sets (see Table in Appendix C).

6.3.1 Objectives for adoption

The main objectives for Social CRM adoption by Australian companies found from both the survey and the interviews include: strengthening the company's brand; increasing customer engagement and interaction; establishing trust-based relationships with customers; and enhancing customer loyalty. These objectives complement each other with the aim of creating value for customers (e.g. improved customer service and enhanced customer experience) and hence building a mutually beneficial and meaningful relationship with them.

The findings from the interviews add additional insights into business objectives for Social CRM engagement, by suggesting that such an engagement is intended for market-related purposes aimed at exposing a brand to a large audience and engaging (rather than managing) customers.

- ***Exposing a brand to a large audience***

Similar to those found in other studies (Askool & Nakata, 2010, Evans & McKee 2010; Greenberg, 2009a; Leary, 2008), the findings revealed that Social CRM, by incorporating the social networking feature into brand-building, provides a much more effective way to build brand awareness and bring the brand to a larger and more qualified audience. Through Social CRM adoption, a company's brand can be exposed across a variety of social media and marketing channels to its expansive community. Once a company's brand has been recognised by a larger audience, it has established a new meaningful relationship with existing customers and prospects**. At the centre of this relationship, as suggested in the literature (Culnan et al., 2010; Linhares de Souza et al., 2012), is the creation of trust-based relationships and brand loyalty engagement with community members**.

** *The statement is based on company viewpoint.*

Interestingly, the research finding that Australian companies prefer to use Social CRM to expose their brand to a large audience, is contrary to that found by Sigala (2011), in his mixed methods research of Social CRM adoption in Greek businesses, showing that Social CRM is adopted by companies with the aim of contributing to mutual value creation with individuals via social media platforms instead of exposing a brand to a large audience. A possible explanation for this finding lies in the Australian context where customers, as found in a survey-based report by Sensis (2015), are less likely to use social media to follow brands and companies. As such, the use of the social media feature of Social CRM to engage a large audience and community seems to be a palatable method to attract more interest from customers and prospects.

- ***Engaging (rather than managing) customers***

For Australian companies that have integrated Social CRM into their business operation (mostly larger companies with a wider resource base), and in line with the view expressed by Greenberg (2009a), Social CRM is viewed as a ‘strategic engagement’ (rather than a management) approach. Through Social CRM, a company belongs to the customers’ ecosystem, where customers are not seen as a target, but rather as a source of all company actions. By observing the conversations and engaging in customers’ activities, more accurate customer-relevant data can be collected to support company processes. These findings add to a growing body of the Social CRM literature, indicating that engaging strategically with customers facilitates the emotional connection attached to a brand. That connection is based on an ongoing interactive exchange, enabling companies to move from monologue to dialogue with customers, to derive new knowledge about those customers, and hence to enhance customer loyalty for brand building purposes (Evans & McKee, 2010; Lehmkuhl & Jung, 2013; Mohan, Choi, & Min, 2008; Woodcock et al., 2011b).

The interview findings also reveal that Social CRM initiatives for customer engagement purposes can be differentiated by two levels of engagement: lower (or individual) engagement, which refers to situations in which existing/potential customers either only passively consume content or use very basic forms of feedback (‘liking’ a page on Facebook); and higher (or professional) engagement, which refers to cases in which those customers actively integrate the role of the brand in their lives or participate in various forms of co-creation (e.g., writing reviews or creating videos showcasing the product). These

findings support and reinforce the conceptual framework proposed by (Malthouse et al., 2013). Overall, this section has provided some insight into RO1.

6.3.2 Social CRM strategy

Both the survey and the interviews affirm that the adoption of Social CRM by Australian companies has been relatively ad hoc, superficial (even primitive), characterised by high levels of informality and abstraction, and usually not supported by a formal integrated strategy and policy framework. These findings reflect the early stage of Social CRM adoption in Australia, where most companies have embraced Social CRM by simply integrating social networking platforms into their existing traditional CRM. On this basis, Social CRM has been introduced by companies as a general guideline or procedure to enhance their existing CRM, and that the implementation and execution of their Social CRM has still been a learning process with limited knowledge on how to implement it successfully. The research findings support the conceptual idea of Keuky and Clarke (2011) that Australian companies are at the early stage of Social CRM adoption, with service sectors being the first adopters. The findings are also in line with those found in other countries. For example, the research by Harrigan, Ramsey, and Ibbotson (2011), using a sample of 1,445 Irish companies with less than 250 employees, found that companies in Ireland use simplistic forms of Social CRM, with a lack of strategic intent (or clarity in goals) and involving an integration of short-term, tactical projects into planning processes. Dutot (2013), based on the interviews of 40 large, B2C companies in France, found that most of these companies do not fully integrate social media (at the level desired by customers) into their Social CRM system and strategy. In a similar vein, the US-based empirical research by Baird and Parasnis (2011) and by Sarner et al. (2012) found that in the US Social CRM adoption is still in an exploratory, learning phase, where companies attempt to develop a familiarity with Social CRM strategy, implementation activities, and the issues associated with the monitoring and measuring of such activities.

As evidenced in this research, the strategising approach to Social CRM is characterised by high levels of informality, abstraction, trial-and-error experimentation, problem-solving (involving a series of feedback loops and overlap between the various stages of development), and often driven by the personal knowledge and experience of the company owner. This finding confirms the conceptual process-related model of social media adoption proposed by Mergel and Bretschneider (2013), in which during the first stage of social media

adoption process, there is a great deal of experimentation occurring with several positive and negative activities. At this stage, according to Mergel and Bretschneider (2013), the adoption and selection of social technologies is driven by technology-experienced individuals within a company, who are typically looking for applications that are simple and easy to implement but have clear benefits. The research finding that the informal business plan for Social CRM used by Australian companies is extended from their traditional CRM plan by adjusting the version of such plans with a simple incorporation of new social media related activities, also provides support for Greenberg's (2009a) idea of Social CRM being an extension of traditional CRM.

The findings from the interviews further provide five additional insights into the characteristics of Social CRM strategy, namely: focusing on the marketing (rather than technological) aspect; creating online community to facilitate transparency in communication; segmenting and targeting customers; having different types and levels of strategy for different customers; and avoiding force-feed advertising via social media. The latter reflects the fact that Social CRM has been used by companies as a brand builder (creating positive customer experiences that lead to the acquisition of new customers and the retention of existing ones), not a shortcut to profitability.

- ***Focusing on the marketing (rather than technological) aspect***

Social CRM has been viewed by Australian companies as a marketing strategy for 'branding' and connecting a company with customers. This finding is supported by a recent US-based study by Rodriguez et al. (2014), using a sample of 1,700 sales professionals within a diverse industry, finding that "*traditional and Social CRM should be tightly integrated into both marketing and sales strategy in order gain a deeper understanding of customers*" (p.94). Based on the interview findings, even though Social CRM require some obvious processes involved with marketing and IT function, the emphasis is more on its marketing aspect than its technological aspect. Notably, any limitation of social media technologies would inherently become a limitation of Social CRM, and this needs to be taken into account when developing strategies or tactics for Social CRM. These research findings align with the literature (Askool & Nakata, 2010; Greenberg, 2009a), suggesting that Social CRM is not just about adopting technology to manage customer relationships more effectively, but is also,

and more importantly, a brand-marketing strategy intended to increase interactions and build successful relationships.

- ***Creating an online community to facilitate transparency in communication***

In order to establish meaningful conversations and to manage conflict arising from these conversations constructively, an online community is built and overseen by many Australian companies. In this respect, companies believe that extending the customer experience into social networks (by creating an online community) could enable them to create and build a strong brand relationship with their customers in the true sense. These findings lend support to the literature on Social CRM (Harrigan & Miles, 2014; Mohan et al., 2010; Mosadegh & Behboudi, 2011), suggesting that many companies now realise that customers no longer hesitate to use social media to obtain information, and express and disseminate their opinions (either positive or negative) to the entire community; and as a result, they tend to put customers back at the heart of their corporate strategy by creating an online community that consists of individuals and groups who can gain access to valued information and resources of each other. As noted in this research and others (Acker et al., 2011), when strategising Social CRM using online communities, a change is required in the corporate mind-set that incorporates and leverages collaboration and transparency in dealing with customers. This change would enable companies to create a customer advocacy group to connect with their prospective customers and to avoid any risk arising from negative publicity.

- ***Segmenting and targeting customers***

The interview findings suggest that a company's ability to segment customers more effectively, and target marketing activities more effectively, is now possible due to Social CRM. These findings are supported by Lacy, Diamond, and Ferrara (2012), arguing that Social CRM enables companies to segment and target their customers in more sophisticated ways (based on customer needs), at the right time, with the right offer, using different strategies for different customers. Through market segmentation, Social CRM allows companies to better distinguish and understand their target customers and to define different strategies and messaging in order to create the 'right' balance between message and media with the focus on specific customer segments (Danaee, Aghaee, Haghtalab, & Salimi, 2013).

- ***Having different types and levels of strategy for different customers***

The findings of this research reveal that different types and levels of Social CRM strategies are used for different types of customers, with market segmentation being widely employed as a means of determining the characteristics, needs and interests of target customers. These findings are consistent with previous studies finding that Social CRM strategy is differently used depending on the objective and nature of business practice (Malthouse et al., 2013; Reinhold & Alt, 2012). Interestingly, the evidence found from the research interviews highlights that Social CRM has been used differently across two levels of engagement: ‘individual’ and ‘professional’. For individual engagement, companies allow customers to directly talk to each other about a brand, where the aim of such engagement is to promote communication in the relationship and collect relevant data from the customers. Meanwhile, professional engagement focuses on the linking and networking of companies with experts or professionals within a specific area or industry with the main purpose of information-sharing, instead of brand-building. These findings suggest that Social CRM strategies have a purposeful use; not only does this purposeful use guide the implementation of such initiatives, but also attitudes have an effect on this use. This finding provides support to the literature on Social CRM (Malthouse et al., 2013; Reinhold & Alt, 2012) – arguing that Social CRM strategy could be distinguished by two levels of customer engagement (lower and higher) and that a company should determine Social CRM strategy according to: the level of engagement that its customers are likely to show; and the Social CRM objectives that the company wishes to achieve.

- ***Avoiding force-feed advertising via social media***

The interview findings in line with the survey findings of the study by Harrigan and Miles (2014) and a review of research by Nadeem (2012) reveal that the use of social media associated with Social CRM by Australian companies is more focussed on acquiring and retaining customers than on a shortcut to profitability. Companies are aware that success in the use of social media for Social CRM requires that ‘force-feeding’ advertising on social media channels must be avoided. This is because force-feeding advertising on social networks or marketing messages to target audiences (such as hard-sales and promotions, or even direct links to purchasing options) can result in negative connotations associated with marketing, which consequently lead to a negative impression of the company’s brand. These research findings are consistent with those found in a recent report by Sensis (2015), based on

a survey of 800 Australian consumers, showing that nearly half of the respondents were unhappy to see company advertising on their social networking sites and would definitely not click on such advertising to find out more. Indeed, effective Social CRM strategies, as found in this research and others (Halligan & Shah, 2009; Noone, McGuire, & Rohlf, 2011), require innovative communication strategies through social media that can accommodate inbound messages and create value for individual consumers beyond advertising. Overall, this section has provided some insight into RO1.

6.3.3 Roles and responsibilities

The findings from the surveys and the interviews confirm that both the marketing and IT departments are responsible for and involved in the adoption and implementation of Social CRM. These findings confirm Greenberg's (2009a) theorem that both marketing and IT play key roles in a Social CRM project, and cross-functional teams are regarded as a means to ensure the proper and effective implementation of the project.

The interview findings further provide insight into the role of marketing and IT. Specifically, Social CRM has been found to be initiated by a company's marketing department, typically driven by individual staff who are aware of the use of social media by competitors and recognise the need for their company's brand to use social media as channels to broadcast information and reach a large target audience. These findings are in line with the theoretical literature on Social CRM (Baird & Parasnis, 2011; Greenberg, 2009; Lacy et al., 2012; Sarner et al., 2010), and are supported by the findings from Gartner, the US-based leading information technology research company, that buyers of social applications are individual pioneers in a company's marketing department; the department that is most willingly to adopt and experiment with Social CRM (Sarner et al., 2010).

Once the Social CRM project has been adopted and developed by a company, the activities and tasks associated with the implementation of such a project are given to both the marketing and IT departments, each with a different (but often complementary) functional responsibility. A plausible explanation for the difference in roles and functions between marketing and IT lies in their distinct perception and belief with respect to the positive effects of Social CRM technology and culture on company's performance. As found by Huang and Wang's (2013) survey research of the CRM-performance relationship in the digital age,

although company's performance is critically customer-dependent and technology-dependent and that both the marketing and IT play key roles, marketing staff are much more selective than IT staff in believing the benefits of CRM technology, and the way to achieve cross-functional appreciation is to make marketing staff more technology learning-oriented and to provide IT staff with a customer-centric culture congruent with CRM technology.

The research findings from the interviews support the study by Huang and Wang (2013) on traditional CRM. Specifically, the findings show that in Australia the company's marketing team is responsible for front-end implementation, which entails the selection of social networking sites and the planning and monitoring of the social networking feature of Social CRM, with the aim of maximising a positive effect (and minimising a negative effect) on the company's brands and products/services. Yet, given their limited knowledge in technology, the marketing team is unable to consider and select 'all' potential social media platforms relevant to serving customers, and often encounters the difficulty in applying new technologies to the Social CRM system. The IT team, in contrast, is responsible for the back-end implementation of the company's Social CRM platforms and all related technological requirements. Their role is to support and assist staff to gain a better understanding of the benefits of Social CRM technology and to most utilise them in the company's operations. Notwithstanding their expertise in technology, the IT team typically put much emphasis on the use of innovative technology for operational efficiency of the company's Social CRM system and less on an appreciation of customers' needs and their experiences. Overall, this section has provided some insight into RO2.

6.3.4 Factors influencing adoption

The findings from both the survey and interviews reveal that the four characteristics of a company – including company size, industry sector, the type of market served (business-to-business or B2B vs business-to-customers or B2C), and top management support – are critical factors that influence a company's decision to adopt or not to adopt Social CRM as well as the level of adoption. Each of these factors is discussed below:

- ***Company size***

The adoption rate of Social CRM by Australian companies appears to increase with the size of the company. This size effect is consistent to that observed in a recent US-based study by

Kuepper et al. (2015) of the impact of Social CRM technology use on Social CRM performance, using a survey of 122 marketing and IT decision makers in American companies, which found that larger companies are in a better position to adopt Social CRM and gain benefits from such an adoption, compared to smaller companies. The research finding is also in line with the Wamba and Carter (2014) empirical study of the adoption of social media tools by SMEs in four countries (Australia, the US, the UK and India), finding that large companies are more likely to adopt and engage in social media technology than their smaller counterparts.

The size effect could be explained by the availability and accessibility of resources. Specifically, small companies have lesser or limited financial resources and skills, thus facing greater difficulty than larger companies in engaging in Social CRM initiatives (Cappuccio et al., 2012). Although structural simplicity and streamlined operations may enable smaller companies to be more flexible and adaptive which should theoretically enable them to take advantage of brand-building opportunities offered by social networking, resource constraints and inadequate knowledge can result in a lack of formal mechanisms with which to foster behaviours supportive of social networking-CRM integration, and to effectively manage social media tools (Cappuccio, et al., 2012; Greenberg, 2008). Large companies, in contrast, could have greater success in Social CRM adoption due to the availability of slack resources for investing in an integrated Social CRM system, hiring highly skilled specialists, establishing an effective management, and controlling the risks and costs associated with Social CRM implementation (Lacy et al., 2012).

- ***Industry sector***

The research findings reveal the effect of industry sectors on Social CRM adoption, where companies in the services sector are more likely to adopt Social CRM than those in the manufacturing sector. These findings are consistent to those reported by Keuky and Clarke (2011), finding that in Australia companies in the financial, retail and wholesale, tourism, telecommunications, and information technology sectors being the first to attempt to engage in such an initiative. An explanation for this sectoral effect may be due to the differences in information-processing needs (Yap, Soh, & Raman, 1992). In comparison to the manufacturing sector, the services sector has a greater reliance on information content, and consequently is likely to gain more benefits from Social CRM adoption – an incentive to

adopt such an initiative. Social CRM also enables service companies to deal with the ‘intangibility’ of customer service (customer satisfaction), resulting in better communication with customers, greater efficiency and customisation of the services offered, and hence the increasing loyalty (and hopefully profitability) from customers (Dimitriadis & Stevens, 2008).

- ***Type of market served***

Companies that sell to individual customers (B2C) have been found to engage in Social CRM more than those that sell to other companies (B2B). These findings could be explained due to the customer-centric focus of B2C companies, making them find and understand the potential added value that a shift to Social CRM offers for balancing the power now wielded by customers via online social networking (Harrigan & Choudhury, 2012; Sarner et al., 2012). B2B companies are not as good as B2C at putting the customer in the centre of things due to having greater formal (complex) operational processes and fewer enthusiasts with which to create viral effects (Alqahtani & Saba, 2014; Choudhury & Harrigan, 2014; Wang, Walker, & Redmond, 2007). The research findings are also in line with a study by Kärkkäinen, Jussila, and Väisänen (2010) of the social media use in B2B and B2C companies in Finland, finding that social media offers much potential for B2C companies (compared to B2B companies) in passing product/service marketing related information to individual customers. According to (Sarner et al., 2011), the world's leading ICT research in the US, at the early stage of Social CRM adoption, B2C companies typically account for over 90% of spending on Social CRM. In the Australian context, according to the Australian Bureau of Statistics (ABS, 2014), Australia has one of the highest rates of B2C e-commerce sales where companies in the ICT, retail and wholesale trade sectors (selling to individual customers) tend to place orders of products/services via social media channels due to customer preference. In this sense, individual customers are increasingly demanding a smooth and positive experience of online shopping, making Social CRM adoption critical for B2C companies.

- ***Top management support***

In line with the literature (Askool & Nakata, 2011; Chen & Chen, 2004; Olupot & Mayoka, 2013; Woodcock et al., 2011b), the research findings reveal that strong support from top management, and importantly its commitment of resources, is a key factor in determining the success of Social CRM adoption. It is important for companies to have well-established leadership practices which demonstrate full support across all levels for Social CRM

implementation. Senior leadership is particularly critical for the motivation to adopt, and the success of, any far-reaching transformative Social CRM initiatives (Olupot & Kituyi, 2013). Even if top management is strong, the area of lowest satisfaction within Social CRM implementation remains that which is related to resource commitment, particularly employee development in terms of training, time and financial support. The involvement of top management at every stage of such implementation would help ensure funding for the Social CRM project, and enhance employee awareness of the importance of Social CRM adoption (Greenberg, 2008; Lacy et al., 2012; Sarner et al., 2010).

The evidence from the interviews adds further insight into the survey findings by indicating that the age of company, the demographics of customers, knowledge of top management related to new technologies, and all employee involvement— are the four other important factors that impact Social CRM adoption.

- *Age of company*

The interview findings suggest that young innovative companies with a solid cash flow are more likely to increase their investment in Social CRM initiatives than older, non-innovative companies. These findings may be explained due to the likely association of the age of company with technology adoption. Specifically, young companies tend to be more inclined to adopt new technologies, compared to established companies. Being early technology adopters, young innovative companies are more likely to initiate new ideas and approaches to company's operations in response to market changes, and to hire young energetic staff with professional skills in new technologies, in comparison to established non-innovative companies that typically employ older staff who are resistant to technology. On this basis, young innovative companies with a good cash flow management tend to allocate the appropriate resources in time, money and skills to maximise the opportunities offered by social networking technologies and thus Social CRM. The connection between the age of company and Social CRM adoption has not been found in empirical research on Social CRM. The findings are thus the first preliminary evidence demonstrating the importance of the age of company as a key factor affecting Social CRM adoption.

- ***Demographics of customers***

The demographic of customers has been found to be as an important issue by Australian companies which need to be considered before deciding whether to integrate social media technology into their CRM system. This is because the demographic determines whether the company's customers are 'early technology adopters' (being keen to use digital media) or 'technology laggards' (refusing to adopt digital media) (Rogers, 1995). Social CRM is unlikely to be problematic for companies with early technology adopters, compared to companies whose customers are mainly technology laggards (Al-Badi, 2014). On the basis of the interview findings, companies that have technology-savvy customers thus tend to take advantage of social media opportunities much faster, and are more likely to invest aggressively in Social CRM to promote their brand.

- ***Top management's knowledge related to new technologies***

Top management's knowledge related to new technologies has been found to be associated with the company's progressive adoption and implementation of Social CRM. The interview findings show that top management with a high level of technological knowledge has a better understanding of the appropriate technologies for Social CRM that the company should invest in, the timing of those investment choices and the level of investments. The importance of technology-savvy leaders in facilitating an integration of new technologies into a traditional CRM system has been widely acknowledged in the literature (Kuada & Serles, 2006; Wilson, Daniel, & Davies, 2008).

While the importance of technology-savvy leaders in Social CRM adoption found in this research is relatively new, similar explanations could be given. Specifically, the leader's capability of understanding and using new technologies increases their company's ability to adapt to technological changes in a way that such a leader tends to provide a sufficient amount of resources, promote the attitude of technology acceptance among staff, and provide related necessary training for effective Social CRM implementation. In other words, high tech-savvy leaders are more likely than low tech-savvy leaders to be able to effectively use social technology platforms and applications in supporting their company's Social CRM processes and strategies. This research thus provides insights into the positive link between a top-level manager's technological knowledge and the company's decision to adopt and/or implement Social CRM.

- ***All employee involvement***

Based on the interview findings, successful engagement in Social CRM requires support from all members of the company (of all ages and at both top management and operational levels) with no employee resistance to new technologies. As pointed out by Askool and Nakata (2011), a full involvement and commitment from all employees is a major success factor in Social CRM adoption. Social CRM requires full employee involvement, particularly young employees with a good understanding of ‘Generation Y’ customers and technological trends (Chen & Chen, 2004; Hayta, 2013). It is critical for companies to recognise the potential value of ideas from younger employees towards new technology and innovation as these ideas could create value for existing and prospective customers. Ensuring there is no staff resistance to new technologies, before engaging in such initiatives, is important in helping companies gain and deliver the right information/knowledge, in the right format, to the right person, at the right time (Brooks, Heffner, & Henderson, 2014).

This section highlights the association of the influence of technology-savvy leaders in young innovative companies and the adoption of Social CRM, and provides novel insights into current understanding of adoption. Overall, this section has provided some insight into RO2.

6.3.5 Integration of social media into a Social CRM system

The survey and the interviews affirm that the methods of social media use in Australian companies have not been developed as ‘formal’ guidelines to integrate social networking sites (SNSs) into a Social CRM system. Only informal guidelines have been developed for the use of SNSs for Social CRM by employees. This finding is consistent to that found in a recent report by Sensis (2015), showing that more than 70 per cent of Australian companies did not develop a formal strategic plan for their social media use. The lesser focus on formal guidelines could be due to the lack of time and limited knowledge/expertise to effectively select and manage SNSs to adequately meet customer needs (Harrigan & Miles, 2014; Yoon & Jeanetta, 2014). Based on the research findings, the most popular types of SNSs adopted and used by Australian companies include Facebook, LinkedIn, Twitter and Google+. A free social analysis tool has also been used by companies to monitor the traffic on their website. On this basis, ease of use, usefulness, and the low cost of SNSs are considered as key

motivators for companies to adopt SNSs. More complex applications/features will likely lead to more sophisticated tactics, which are difficult to monitor.

The findings from the interviews provide a number of additional rich and interesting insights that are useful in understanding the process of selecting and adopting SNSs or Web 2.0 technologies. Specifically, different types of SNSs is adopted and used for different purposes. The selection of SNSs and Web 2.0 has been found to be dependent on the company's own purposes, determined by the nature of its company and its target customers or audiences. In line with prior research (Pradiptarini, 2011), SNSs are often used as a complementary channel to traditional media to disseminate useful information and promote brands, products and services. The interview findings reveal that the process of integrating SNSs into a Social CRM system begins with revamping and re-branding the company's website and then connecting the website with SNSs. This is done by, for example, uploading advertising spots on YouTube linked to a company's website, running marketing/sales promotions on Facebook, or providing useful information about a company's products on Blog, Google+ and Twitter which is linked to the website. Customers with lower levels of engagement may interact with this information posted by a company by simply 'liking' it or sharing it. Even so, such actions by these customers can help the company create awareness and positive attitudes (among prospective customers) towards its brand, thus resulting in the expansion of its customer base. This finding provides support to Malthouse et al.,'s (2013) notion that engaging with customers at lower levels enables companies to build on the basic (marketing-related) processes they are already familiar with. This familiarity helps reduce risk, improve targeting, and hence represent a first step towards Social CRM adoption (Malthouse et al., 2013).

Interestingly, the interview findings also reveal that many Australian companies have conducted customer research through Google or searching publicly available information provided on a target customer's SNSs. More specifically, a company searches the background information of a target individual (to understand identify his/her preferences) before approaching that person through the company's SNSs and thus before the actual engagement occurs. This finding supports the Microsoft Dynamics's (2014) guideline for CRM implementation. Microsoft Dynamics CRM (2014) suggests a company to initially build a target list of potential customers by checking their publicly available information on social

media to see their personal preferences (including online communities they join), and then approaching those prospects only if they fit the company's desired sales profile.

The interview findings also show that some companies that are highly innovative allow a constant stream of feedback and ongoing conversation with and among members of the public who prefer informal interaction instead of formalised contact. For this method to be successful however, companies have to restrict employees with no responsibility for managing corporate SNSs from accessing SNSs (during working hours) in order to prevent them from misusing such tools. This finding is consistent with that found in prior studies (Lacy et al., 2012; Zyl, 2009).

The findings from the survey further provide additional insights into the use of social media by Australian companies. Specifically, many companies have recognised that maintaining SNS accounts is a necessary, but not sufficient, condition for generating revenue and profits. They are thus proactively looking for new ways of using SNSs to engage meaningfully with customers; the ways that could leverage the more significant value propositions of social media. This finding supports Greenberg's (2010) notion that the reactive use of SNSs (aimed at identifying buying patterns of customers) is not sufficient to ensure profit generation; rather, companies need to proactively use SNSs to gain deep customer insights (aimed at peer-production of product development). However, such a proactive approach to social media use will likely to require deeper rethinking, and perhaps transforming, of company processes (Greenberg, 2010). Overall, this section has provided some insight into RO2.

6.3.6 Methods of implementing Social CRM

Both the survey and interview findings reveal three main methods of implementing a Social CRM system: in-house development; use of outsourcing vendors (for developing and/or implementing); and employment of consultants. The findings indicate a clear preference and reliance by Australian companies on the development of a Social CRM system in-house, where the process typically begins by linking social networking sites to a company's existing CRM system. These findings are unique (given the novelty of the topic) and have not been previously reported in the empirical literature on Social CRM.

The research findings reveal that the appropriate methods of implementing a Social CRM system are determined by company size. Specifically, compared to smaller counterparts, larger companies are more likely to have either a Social CRM system developed and implemented by an outsourcing vendor (application service provider), or to have purchased the software from this vendor and have the system implemented in-house by their own IT department. This finding could be explained by the availability of financial resources in large companies and by the fact that outsourcing vendors (due to their high technological expertise) would enable them to cope with the modern forces of rapidly changing technology, keep up with market trends and thus maintain a competitive advantage (Augar & Zeleznikow, 2014; Tidd, Bessant, & Pavitt, 2001).

In terms of hiring a consultant to help in the planning and execution of a Social CRM system, both large companies (200 employees or more) and micro companies (less than 5 employees) tend to employ a highly skilled consultant for their Social CRM project, compared to companies in other size classes. The employment of a consultant in micro companies is very interesting, and may be explained due to their paucity of knowledge and resources for determining an appropriate approach to Social CRM, leading them to employ a consultant who brings skills that they otherwise would not have. This explanation is in line with the finding by Mousavi and Demirkan (2013) in their study of success factors in the social media implementation in a CRM system among micro IT companies in the US, showing that the limitations of company size and skills constraints lead companies to hire consultants to help integrate their social networking tools into a Social CRM system.

The research interviews further provide in-depth insights into the in-house development process of Social CRM implementation, and change management and culture alignment associated with implementation of a Social CRM system. The findings also suggest that Australian companies are yet to develop a formal business case for Social CRM.

- ***In-house development process of Social CRM implementation***

The in-house method of Social CRM implementation employed by Australian companies is often made through ‘adaptation’. This finding is consistent with previous research, finding that companies initially research (creating their own business case) the best practice from

other companies' activities related to Social CRM implementation, and then adjust or pace their own business practices (Hossain & Aydin, 2007; Sarner et al., 2010; Sarner et al., 2011).

However, the present research adds further insights into the literature on Social CRM by revealing that the in-house development process of Social CRM implementation involves a steep learning curve as opposed to a rapid change, where companies start the process by observing the social networking activities of similar companies or competitors within their industry sector, and then using imitation and adaption to fit their own business context. This process appears to be pragmatic, flexible and nimble, as well as be most suitable to the company's business context in terms of the market served, customer demographics, and resource availability. Once the Social CRM in-house system has been developed, the company will then engage directly with customers in online forums or communities and passively listen and analyse social interactions for feedback. The findings also show that companies have learned from their own mistakes or failures during the process of developing and implementing Social CRM in-house, and turn such mistakes into positive experiences.

The above findings derived from the interviews provide interesting 'new' evidence on the processes of developing and implementing Social CRM in-house. Given that Social CRM is a new domain of research built on the development of social media technologies and traditional CRM, the research findings are considered as evidence that confirms: (i) the process-related model of social media adoption conceptualised by Mergel and Bretschneider (2013) where observation is critical in the first stage of social media adoption process; and (ii) the findings in a traditional CRM study by Reijonen and Laukkanen (2010) indicating that the choice of CRM applications needs to fit within the context and the goal of a particular company.

- ***Change management and culture alignment***

As found from the interviews, the effective implementation of a Social CRM system essentially requires the alignment of organisational value and culture (or ways of working with) to the new strategy associated with the company's Social CRM system. This is because Social CRM is not merely confined to technological specifications, but more importantly involves the culture or structure of a company that is supportive of Social CRM. Transformations in both of these areas are thus needed (Ang, 2011; Chang & Kannan, 2008).

As with any material change in culture, resistance to Social CRM adoption by organisational members tend to be high, and thus ‘change management’ is required.

However, the interview findings show that many companies especially smaller companies prefer not to change their existing successful strategies and their company’s operation, but rather to add new strategies that support Social CRM to their successful ones. Thus, Social CRM plan and strategies are not developed as a formal strategic business but rather based on the observation of what other similar or successful companies have done and adapting what they have observed to fit their own business context. The view adopted by these companies is that substantive changes with the aim of growing the business can rapidly bring about a number of problems that are difficult to manage. This research therefore adds new insights into the literature on Social CRM by demonstrating that successful companies do not require a significant change to their current successful operations, but rather require motivation as there must be underlining reasons for employees to act.

As evidenced in the research interviews, a company can increase employee motivation by initiating a workplace culture where employees can break out of outdated mindsets and free themselves from traditional business norms. Doing so critically requires a company to possess a shared vision, whose development entails goal clarity and acceptance of shared responsibility among organisational members for achieving the company’s goal for Social CRM engagement. For example, in the deployment of Social CRM technology, a company could emphasise ‘market orientation’ in the IT department (aimed at enabling IT staff to gain a better understanding about customers in the target market with respect to the technology); and at the same time, stress ‘learning orientation’ in the marketing department (aimed at enabling marketing staff to be more open-minded with respect to various technological strategies related to Social CRM). Through a shared vision, the cross-fertilisation of ideas and flow of information can be facilitated, and enhanced company performance (as an outcome of Social CRM implementation) can then be achieved. In this sense, a shared vision acts as a binding mechanism, helping different functional areas of a company integrate and combine ideas and resources in order to appropriately deal with critical issues or problems that may arise during the process of implementing Social CRM. This research supports Huang and Wang’s (2013) study of the role of marketing and IT staff in (traditional) CRM

implementation, where a shared vision between marketing and IT departments is needed to bridge the customer-dependent and technology-dependent divide.

Based on the findings from the survey, organisational rigidity (or culture not aligned to the new strategy) is not perceived by Australian companies as an important obstacle to Social CRM implementation. This implies that companies are able to adjust and fit their current workplace culture and structure with their approach to Social CRM implementation. This finding is interesting and can be explained due to the fact that most Australian companies prefer to make fine adjustments, rather than major changes, to their existing strategy and business operation as a result of Social CRM adoption. This explanation is confirmed by the interview findings reported above.

This section reveals two new insights that reinforce prevailing knowledge in relation to the methods of implementing Social CRM. First, Social CRM adopters implement Social CRM in-house by observing what other companies have done and adapting them to fit their own business context. The process of implementing Social CRM in-house involves trial-and-error learning, where companies often turn any negative experience into a positive outcome. Second, companies that succeed in their business tend to not change their current practices, but rather add new supportive Social CRM practices to their existing business practice. Such companies prefer to refine rather than transform their existing strategy and management in response to their Social CRM adoption. Overall, this section has provided some insight into RO2.

6.3.7 Monitoring

The survey and the interviews affirm that to facilitate transparency in Social CRM-related communication, Australian companies have developed an informal approach to monitoring and controlling comments and conversations on social media regarding the company and its products or services. Based on the findings from the interviews, a well-developed monitoring process requires that companies effectively respond to customers' comments, concerns and/or enquiries in a timely and positive manner and that all the corporate messages sent out on social networking channels (or SNSs) are consistent and not confuse people. These findings support the literature on Social CRM (Alt & Reinhold, 2012; Gurau, 2008), suggesting the need for companies to actively monitor, control and check the accuracy and consistency of all

corporate messages on social media in order to create authentic conversations with the target audience.

The evidence found in this research suggests that Australian companies are aware that negative conversations on social networks could have a rapid and lasting impact on their brand, as they lose control over such conversations. This finding is similar to those found in previous studies (Hennig-Thurau et al., 2010; Malthouse et al., 2013), and points to the great importance of developing an effective response strategy to deal with (or resolve) such negativity as quickly as possible to stop the spread of negative messages that can potentially damage brand reputation. Overall, this section has provided some insight into RO2.

6.3.8 Measurement

The findings from the both the surveys and the interviews reveal that Australian companies are in the process of developing the metrics for measuring and monitoring the impact of their Social CRM implementation on their business results. The development of such measurement appears to be determined by the size of company. Specially, smaller companies due to resource limitations often measure the ‘outputs’ of their social media presence such as enquiries and feedback on SNSs and the turning of such enquiries to paid work which are obtained through the report generated from SNS providers, instead of measuring the actual outcomes of their Social CRM effort. This finding confirms Malthouse et al.,’s (2013) idea that the metrics for measuring Social CRM impact used by small companies overlap with those for measuring social media impact.

As noted by Malthouse et al., (2013), the above measurement approach used by small companies – that is, measuring the quantity of what the company has done outputs rather than the ‘effect’ of what the company has done outcomes – is likely to be problematic. A major dilemma of evaluating success based on the outputs instead of outcomes is that it can mislead employees to take actions that are unprofitable and counterproductive. For instance, an improvement of a company’s performance could be as a result of a company’s sales campaigns through social media, and not the actual return on investment of Social CRM initiative.

The research findings reveal that for larger companies, the outcomes of a Social CRM effort are usually measured against their business objectives, using a specific informal set of metrics. On this basis, some companies develop key performance indicators (KPIs) such as cash flow and profit to measure the success of each component of their Social CRM framework. Meanwhile, others develop specific metrics which are customer-engagement oriented, to measure the effort made by employees in response to customers' enquiries, concerns or complaints expressed on social media. These metrics include, for example, the length of time to respond or the number of replies to customers, the sentiment of customer comments, and the number of times that a company has encountered complaints. The research findings of such a measurement approach employed by large companies are consistent to those found in recent survey-based research conducted by (Küpper, Lehmkuhl, Wittkuhn, Wieneke, & Jung, 2015b; Küpper, Wieneke, Lehmkuhl, & Jung, 2015c), showing that large companies prefer to create a set of clear metrics for Social CRM measurement separately from those metrics used to evaluate the impact of their social media presence. Overall, this section has provided some insight into RO2.

6.3.9 Benefits of Social CRM

Both the survey and interview findings reveal that the key benefits of Social CRM adoption, as perceived by companies, include: strengthening the company's brands, building a trust-based relationship with customers, and enhancing customer loyalty. These findings are consistent with those found in prior research on Social CRM (Ahn et al., 2003; Greenberg, 2009a; Kotadia, 2010; Peppers & Rogers, 2004; Stone, 2009; Zyl, 2009), and suggest that the perception by companies of the Social CRM benefits are determined by a connection between the outcomes of Social CRM and the objectives (or expectations) for such engagement.

Based on the findings from the interviews, the perceived benefits of Social CRM are connected with those of its social networking features (or SNSs), and the 'tangible' return on investment (ROI) of implementing Social CRM is in substantial doubt. Specifically, Australian companies are doubtful of the monetary benefit or financial business value brought about by Social CRM implementation; that is, how much return on investment it truly generates. This finding is similar to that found in other countries (Baird et al., 2011; Malthouse et al., 2013), and may in part reflect the fact that most of the benefits from Social CRM are intangible such as improved reputation/image and enhanced trust (Acker et al.,

2011; Chen & Chen, 2004). These intangible benefits are difficult to measure and the cause-and-effect cannot be clearly identified; for example, whether an improvement in company performance is actually a result of Social CRM itself or rather of its social networking feature. Doubts about the ROI of Social CRM could also be explained through the research's survey findings, showing that the duration of a company's experience in managing Social CRM is a key factor that affects its perception of actual benefits obtained from Social CRM.

The survey findings which show that the longer the duration of a company's experience with management of Social CRM, the greater the large benefits of Social CRM could be realised, may be explained due to the fact that the potential 'tangible' benefits of Social CRM tend to become fully visible over the long term rather than the short term (Stone, 2009). Overall, this section has provided some insight into RO3.

6.3.10 Barriers and challenges to Social CRM

Implementing Social CRM effectively requires dealing with related barriers and constraints. From the perspective of most Social CRM adopters – as found from both the survey and the interviews – the three major barriers to Social CRM implementation are: the length of time required to manage and monitor social media and Social CRM; a lack of information on how to effectively implement Social CRM; and insufficient knowledge and skills. A lack of control over the comment moderation process is also found from the interviews as another key barrier perceived by Social CRM adopters. As part of Social CRM implementation, social media monitoring is deemed critical as it is a way to understand what is being said about a company's brand on the Internet, and thus to enhance brand reputation and minimise brand damage. Indeed, effective use and monitoring of the social networking feature of Social CRM that deals with customers' comments and complaints promptly, and that ensures message consistency both inside-out and outside-in messages can be very time consuming, especially in the context of Australian companies where the adoption of Social CRM is the early stage and the execution is still in a trial-and-error learning process.

Interestingly, for companies that have already engaged in Social CRM, the high financial cost of Social CRM initiatives is not considered an important barrier. A plausible explanation may be that the adoption of Social CRM is linked more to technology maturity and market type/demand, rather than the availability and use of new technologies which can be too costly

(Wang & Owyang, 2010). Organisational rigidity and the misuse of SNSs by employees are also not perceived by Social CRM adopters as main barriers that deter them from adopting or implementing Social CRM. This finding confirms the US-based finding by Baird et al., (2011), in their survey of 351 executives responsible for social media implementation, which reveals that despite the fear of the staff misuse of social media, the fear of missing opportunities offered by social media is much greater, and the risk of misuse can be minimised through the development of corporate guidelines for social media and the provision of training to employees. On this basis, it can be concluded based on the findings of this research that while being aware of the challenges in controlling and minimising financial costs and in managing cultural changes, companies are competently able to introduce methods for circumventing and coping with these business aspects.

In contrast to Social CRM adopters, non-Social CRM adopters perceive the high financial cost of Social CRM as the most important impediment to their decision to adopt Social CRM. This could be because, from the perspective of non-Social CRM adopters, adopting Social CRM make companies highly visible to the public; and if executed poorly, their reputation can be tarnished (Stone, 2009). With a lack of expertise in system administration associated with Social CRM, there will be the cost of hiring specialists in this area or contracting the work out to professional application vendors (Sumathi et al., 2015). In the presence of doubts about the net benefits of Social CRM adoption to their companies, the cost perceived by non-Social CRM adopters is likely to be higher than the net benefits expected to be gained.

Three other major impediments that prevent non-Social CRM adopters from adopting such an initiative are: firstly, a lack of top management support found in both the survey and the interviews which is typically a result of top management not seeing the financial value of Social CRM (Malthouse et al., 2013). Secondly, rigid organisational culture found from the survey only. This is because companies have multiple levels of bureaucracy or they have resources and human capital sunk into the old technology and its architecture. As a result, this made it hard to them to properly transform their existing culture to align with new strategies (Henderson & Kim, 1990; Vazifehdust, Shahnnavazi, Taghizadeh, & Sotoudeh, 2012). Thirdly, Australian law enforcement in some industry sectors found from the interviews only where data privacy and confidentiality are of serious concern, and thus the high risk of breaches of client confidentiality/privacy on social networking platforms. Indeed,

these factors act as real deterrents to Social CRM engagement among non-Social CRM adopters.

Importantly, the following three main challenges facing Australian companies in fully engaging and investing in Social CRM are identified from the research interviews:

- ***Challenge in adapting to rapid change in the technology and social media landscape***

Currently, key aspects of the CRM process are being overhauled to reflect a fundamentally social world, and it is expecting to see stellar growth in social media technologies in the near future (Harrigan et al., 2015; Sensis, 2015). Based on the research findings, as technology is changing rapidly and constantly evolving, it is difficult for Australian companies to keep up with what is the best technological solution for them (considering their context specificity), and this can negatively impact the speed of their adoption of new social technology and the decision to further invest in Social CRM. Many Australian companies thus demonstrate their reluctance to invest in new, ‘unfamiliar’ social technologies for their Social CRM project. Indeed, whilst such technologies could offer better alternatives and solutions to stay in touch and communicate with customers, it can be difficult to be integrated effectively into the company’s existing system or the current flow of work, partly due to a lack of technological knowledge and skilled employees (Saeed, 2010; Yoon & Jeanetta, 2014).

This challenge in adapting to new and powerful forms of technology is bolstered by fierce competition within an industry, where companies that do not adopt or respond positively to new social media technology may find themselves at a competitive disadvantage to those that do. Often it is the social pressure of having to do it before they get left behind that becomes part of the strategic planning of many companies. To preserve or strengthen their competitive position, as found in this research, most companies recognise the importance of keeping up with new (relevant) social media platforms as they become available. The research findings thus stress the importance of competitive pressure in imposing a great challenge to new social technology adoption.

- ***Challenge in integrating multiple platforms for different social networking channels (SNSs) into an ‘all-in-one-place’ system to fully capture market trends and opportunities***

As the interview findings suggest, Australian companies have multiple and distinct databases for different social networking platforms, without seamless integration into their CRM databases and systems. Simply put, SNS has been treated as just another application to roll out, instead of being integrated holistically and (truly) meaningfully into the existing CRM system. This problem arises partly due to a significant investment in resources associated with such integration (Kennedy, 2006), and partly due to a lack of clear and well-developed guidelines for implementing Social CRM in relation to data integration, and this can create confusion among members of the company in the implementation of database management functions (Grover, 2011). The absence of the single consolidated database for all social media platforms results in the difficulty in accessing all relevant customer data, thereby causing the inefficiency of the system (Grover, 2011; Kennedy, 2006).

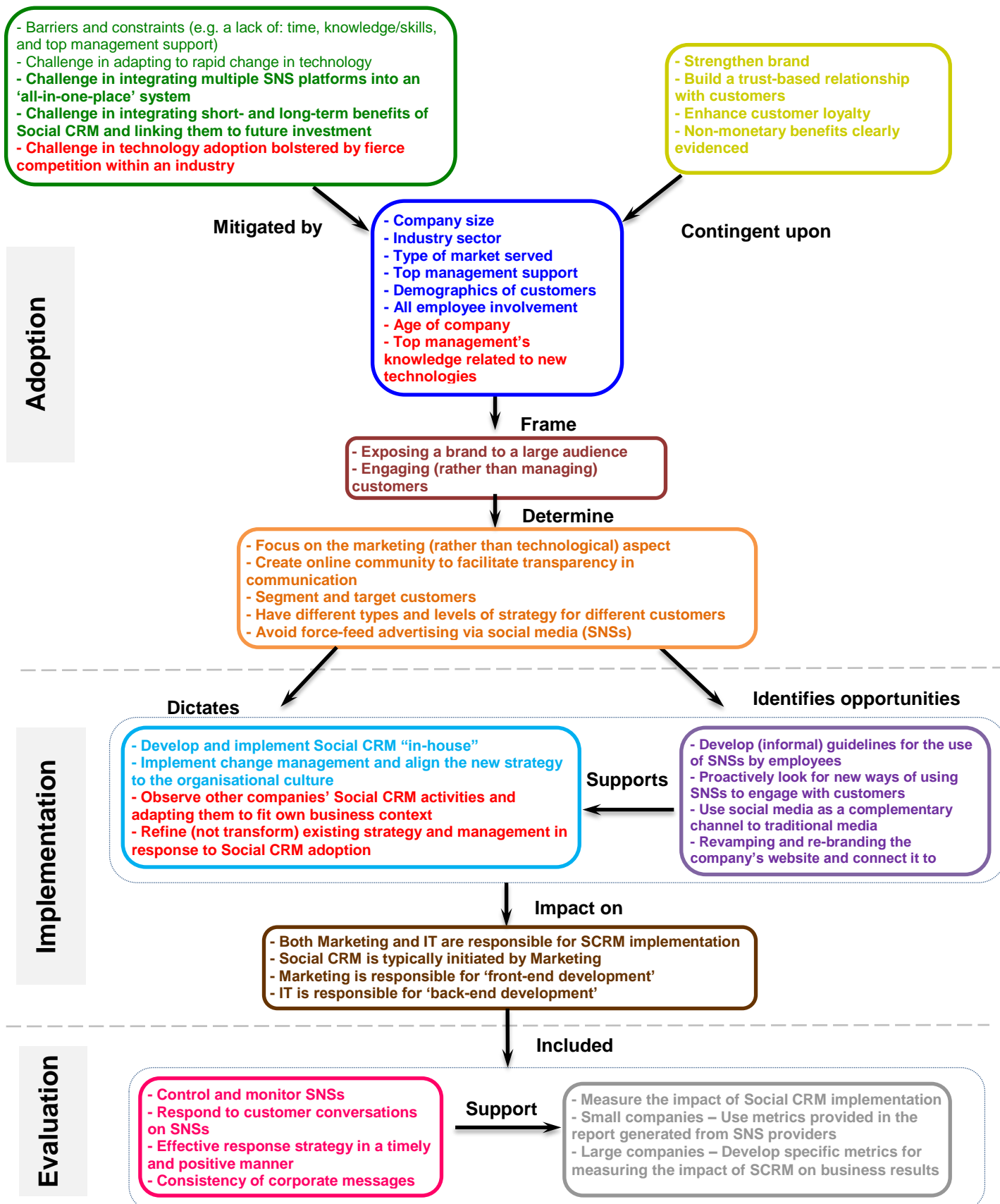
- ***Challenges in connecting the short- and long-term benefits of Social CRM and linking them to the business plan/objectives for ‘future’ Social CRM investment***

As mentioned earlier, Australian companies have been slow and doubtful to ‘fully’ embrace and integrate Social CRM into their business operations because the ‘tangible’ business value of such an initiative is not yet in evidence. Indeed, the time may be too short to clearly observe the actual effects of Social CRM on business performance (Alqahtani & Saba, 2013; Lacy et al., 2012; Maoz, Jacobs, & Davies, 2009; Wielicki & Arendt, 2010; Zyl, 2009). Integrating the short-term plan aimed at improving and effectively maintaining meaningful communications and collaborations with current customers and prospects and the long-term plan aimed at both developing ways to accurately measure the outcomes or ROI of the Social CRM project, and using the results from this measurement for enhancing a strategic approach to Social CRM will enable a business case for Social CRM that is strategically well-positioned to be developed; a case that outlines the objectives, the cost-benefit justification, and the implications and directions of a change initiative.

This section highlights a key challenge facing companies in further investing in Social CRM is the impact of fierce competition within an industry regarding new technology adoption,

where keeping up with and understanding how to meaningfully participate in the new social media landscape seems to be essential if a company wishes to remain a profitable positioning within its industry. Overall, this section has provided some insight into RO3.

The process shown in Figure 6.1 explains which conditions make it more likely for Australian companies to adopt Social CRM, how a Social CRM system and related strategies are developed and implemented, and which methods the companies use to monitor their Social CRM activities and to evaluate the impact of such activities.














Colour	Legend explaining the colours used in Figure 6.1
	Represents the barriers and challenges to Social CRM
	Represents the benefits of Social CRM
	Represents the factors influencing Social CRM adoption
	Represents the objectives for Social CRM engagement
	Represents Social CRM strategy
	Represent the methods of implementing Social CRM
	Represents the integration of social media into Social CRM
	Represents the roles and responsibilities of staff regarding Social CRM implementation
	Represents Social CRM monitoring
	Represents Social CRM measurement
	<i>[Italic text]</i> Represents new findings that have not empirically found in the Social CRM literature

Figure 6.1. Social CRM process

6.4 Chapter summary

This chapter has discussed and combined the findings from quantitative and qualitative analyses. The discussion has been made in relation to the objectives for Social CRM adoption, the factors influencing such an adoption, strategy and methods of Social CRM implementation, the monitoring and measurement of processes, as well as the benefits and costs associated with Social CRM adoption. Based on the combined findings, Social CRM process has been introduced. This process provides a basis for answering the research objectives and questions, which are to be discussed in the next Chapter.

The next chapter (Chapter 7) presents the conclusions of this research. It begins with a three-stage process for Social CRM engagement has been proposed and discussed in relation to RBV theory. This chapter also presents the outcomes from this research which resulted in the key findings and provides the answer to the research question and objectives, discusses the research contributions and limitations, and outlines future research directions.

Chapter 7 – Conclusions

7.1 Introduction

The final chapter presents the conclusions of this research. It begins with a three-stage process for Social CRM engagement, and connects this process with existing theories (RBV) to draw out the research's key findings. Then, the chapter presents a summary of the answer to the research question and objectives. This is followed by the research contributions to the body of ICT knowledge and research on Social CRM. The research limitations and directions for future research are then discussed. The chapter is structured as follows:

- Section 7.2 presents a three-stage process for Social CRM engagement.
- Section 7.3 discusses findings in relation to RBV theory.
- Section 7.4 presents key findings of this research.
- Section 7.5 provides a summary of the answer to the research question and objectives.
- Section 7.6 presents the research contributions to the research literature.
- Section 7.7 discusses the research limitations.
- Section 7.8 outlines directions for future research.
- Section 7.9 provides a summary of the chapter.

7.2 A three-stage process for Social CRM engagement

Based on the combined findings from Chapter 6 (section 6.3), the process of Social CRM engagement by Australian companies considerably consists of three stages. The first stage involves the adoption of Social CRM, where the perception by companies of the benefits of such an initiative as well as the associated barriers and challenges determine the companies' decision to adopt or not to adopt Social CRM.

Benefits from Social CRM adoption are contingent upon the factors internal to a company, including those that relate to the characteristics of business (such as size, age, sector, the type of market served), the demographics of customers (early technology adopters or laggards), the support and technological knowledge of top management, as well as the involvement of all organisational members. Barriers and challenges facing companies in the adoption of Social CRM can also be mitigated by all these internal factors of the company. In a nutshell, differences between companies' core competencies in terms of a resource base and a

capability to manage resources impacts their ability to adopt Social CRM. Only those that have appropriate and sufficient resources and capabilities to exploit the ‘net’ benefits are more likely to adopt Social CRM.

Social CRM adopters typically anticipate the benefits in terms of building brand capabilities through interaction and engagement with target customers. These benefits, encouraged by the specific context of a company, frame two main objectives for Social CRM engagement: exposing a brand to a large audience, and engaging with, rather than managing customers. These objectives subsequently determine the design and development of strategies and activities for Social CRM.

In regard to the strategising of Social CRM in Australia, companies are yet to fully incorporate Social CRM as ‘formal’ business strategy, partly due to a lack of knowledge on how to operate it successfully. The development of Social CRM strategy (mainly for brand-marketing purposes) is characterised by high levels of informality, trial-and-error experimentation and abstraction. Different types and levels of strategy are used for different groups of customers (individual and professional), and market segmentation is often used to create unique marketing mixes for each customer group. Such a strategy for Social CRM then directs the third ‘implementation’ stage of the Social CRM engagement process. It does so by identifying opportunities for the integration of social media into a Social CRM system, as well as by dictating the methods of developing and implementing such a system.

Turning now to the implementation stage, the selection of social media tools is dependent upon a company’s own specific purposes and the ease of use, determined by where target audiences are already engaged. Companies often integrate a mix of social media tools or social networking sites (SNSs) into their Social CRM system. For example, some companies upload advertising spots on YouTube, subsequently run promotions on Facebook, and then provide information about their products or services on Google+, Blog or Twitter. They also revamp and rebrand their website and connect the website to their SNSs. The integration of SNSs supports as well as influences the methods of Social CRM implementation. Most Social CRM adopters implement Social CRM in-house by observing what other companies have done including SNSs used and Social CRM related activities and adapting them to fit their own business context. Social CRM adopters prefer to refine – not to transform – their existing perceived successful strategies. They believe that growing the business too fast could rapidly

result in several problems that are difficult to manage. They therefore prefer not to change their current successful strategies, but rather to add new strategies that support Social CRM to their successful ones.

An approach to Social CRM implementation has an impact on the roles and responsibilities of organisational members. In specific, a project manager generally creates an informal plan for the Social CRM project and assigns suitable staff to particular tasks. Marketing staff are typically responsible for planning, implementing and managing Social CRM related activities, while IT staff are responsible for developing and monitoring technological platforms or applications that are built to support those activities. As companies recognise that negative conversations on social media can have a rapid and lasting impact on their brand; monitoring, controlling and measuring social media activities are included as part of the staff roles and responsibilities. This leads to the final stage of the Social CRM process, that is, ‘evaluation’.

In the evaluation stage, companies employ an approach to monitoring and controlling the use of social media by staff in order to facilitate transparency in communication. A company realises that they lose control over the messages sent out to customers and prospects and that negative messages can seriously damage the company’s reputation. On this basis, there is the need to monitor and ensure the accuracy and consistency of all the corporate messages both inside-out and outside-in across all social media channels to create authentic conversation. Such a monitoring process needs to be supported by positive and timely response to customer enquiries, complaints and feedback, as well as by the measurement of Social CRM impacts. Most companies measure Social CRM impacts through the use of informal metrics provided in the report generated from SNS providers such as the number of: tweets or retweets, Facebook “like”, or views on YouTube, while a few develop specific metrics for measuring the effect of Social CRM on business results such as using a company’s cash flow or profit as a KPI, and the sentiment of customer comments or reviews.

A three-stage process for Social CRM engagement is summarised and shown in Figure 7.1.

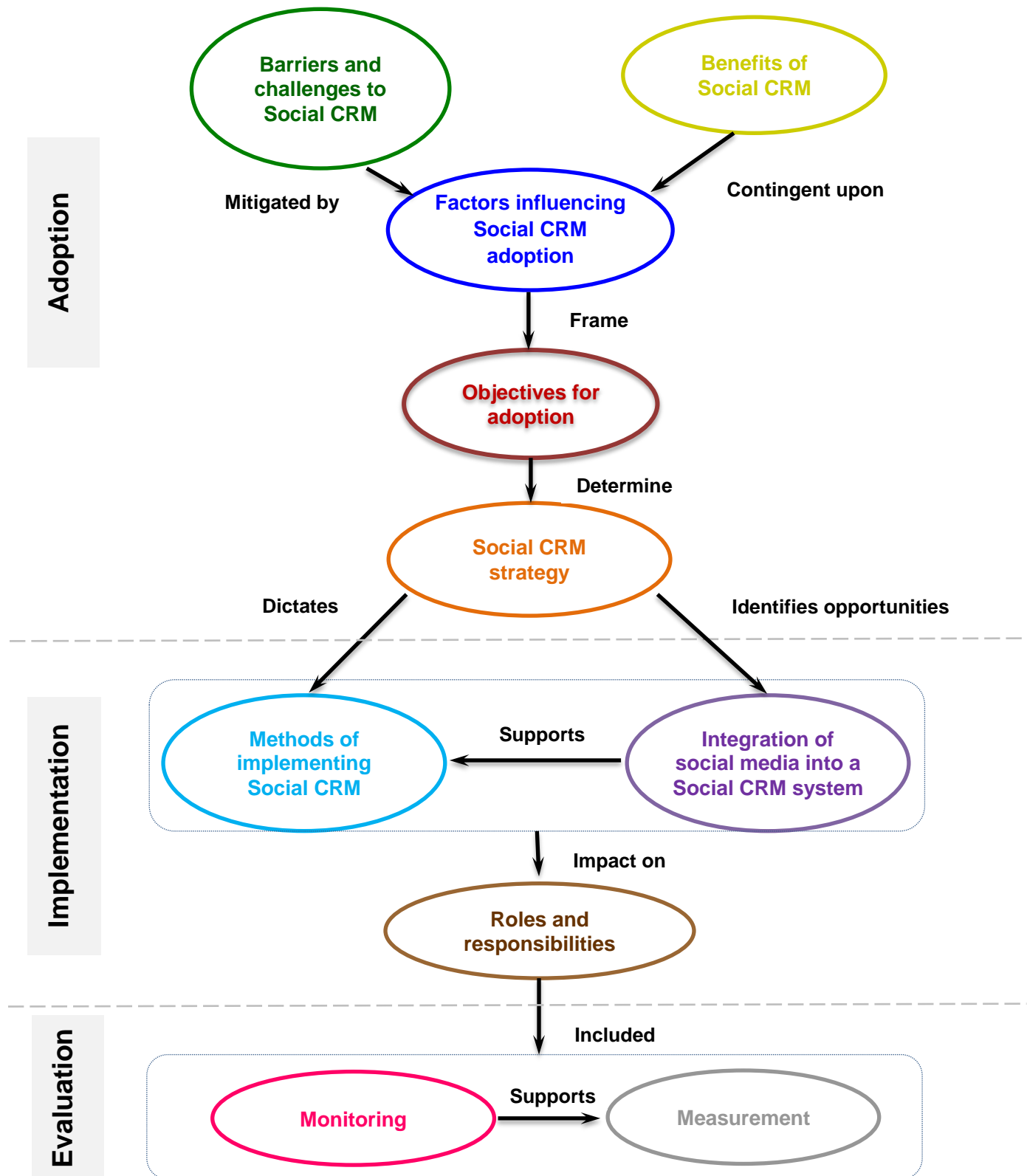


Figure 7.1: A three-stage process for Social CRM engagement

7.3 Discussion of the research findings in relation to RBV theory

This section discusses the three-stage process of Social CRM engagement in relation to existing theoretical knowledge. With regard to the **Adoption** stage, the approach to Social CRM adoption used by Australian companies found in this research is consistent with the resource-based view (RBV) theory (Barney, 1991; Grant 1991) that emphasizes the importance of a company's resources and capabilities as the basic building blocks for strategy. Of note, RBV theory used in this research was not for analysis but rather as a framework for discussion. The RBV framework is used to make sense of research findings from the study in relation to the discussion regarding the availability of resources from different company sizes. In particular, the research findings align with a five-stage RBV framework of strategy formulation proposed by Grant (1991) that suggests adoption of value-creating strategies (Social CRM) that make the best use of a company's resources and capabilities is essential for business success. The discussion of each stage of RBV framework was subdivided into three types of companies including large, medium and new companies. Grant's (1991) framework was previously described in Chapter 2 (see Figure 7.2); and in what follows, each of the five stages of this framework will be discussed in relation to the research findings.

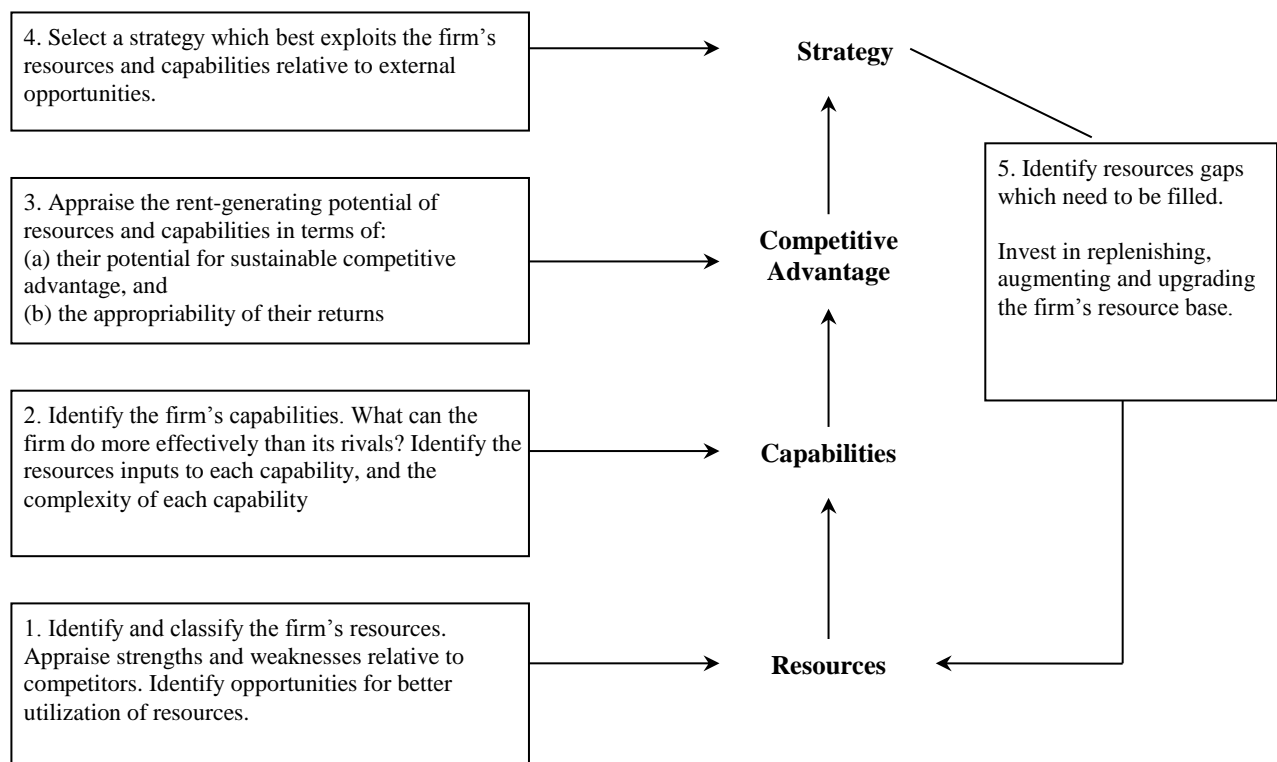


Figure 7.2: A resource-based approach to strategy analysis: a practical framework
Source: Grant (1991, p.115)

- ***Stage 1: Identifying the company's resource base and opportunities for their better utilisation***

The RBV theory has been considered as a strategic approach that helps companies determine if they have sufficient resources to cover all associated new adoption requirements. Companies start their strategising process by identifying their resource base and appraising the strengths and weaknesses of their resources relative to their competitors. The choice of which resources to nurture and exploit for the new project, is guided by an understanding of available tangible and intangible resources within the company. Tangible resources are physical assets such as cash, equipment, hardware or software, IT or marketing personnel, machinery, and database. These assets are the backbone of a company that keeps it in production. In contrast, intangible resources are those assets that are non-physical in nature but help increase the value of the company, including: skills, knowledge or know-how, business processes or structure (Barney, 1991; Delios & Beamish, 1999).

Adoption of Social CRM requires the commitment of three main types of resources: financial, ICT-related, and marketing-related resources. In order to successfully adopt Social CRM, companies need to possess and have these three types of resources in place. Hence, it is critical that companies need to identify the presence of these resources – in relation to the size of their business – before engaging in Social CRM. Large and small companies possess different resources (but the same ‘types’ of resources) and are able to maintain the value of those resources differently.

Specifically, large companies are more capable of accessing financial and skilled resources, reaching customers, and restricting rivals options, making them better positioned than small companies to gain a competitive advantage and performance improvement (MILES & Huberman, 1994b). Resources in large companies are typically stable, substantial and structured, with structural divisibility. These resources are stable and reliable in the process of strategic management, enabling large companies to face market dynamics and competition. Large companies also have greater success in adopting new business practices and engaging in new technologies given the availability of their resource base for investing in systematic research and development (designing, testing or implementing new technologies), hiring

highly skilled specialists, and establishing comprehensive distribution and servicing facilities. For large companies, the strength of financial resources and skills, the structural separation of resources and hierarchical administration systems, and the presence of IT and marketing departments help accelerate their development and adoption of new technologies. The ability of large companies to provide training (the most important part of human resource management functions on the effective use of human resources) also allows them to build their employee awareness of and commitment to improved managerial and technical skills required for successful engagement in Social CRM.

Large companies, by dint of their size and resources, are well positioned and equipped to adopt Social CRM and benefit from such an adoption.

Small companies have more constrained resources (financial, ICT knowledge and skills, technical and managerial resources) but remain more flexible with a higher capacity to adapt than large companies. These resource limitations can hinder the adoption of new IT-related projects associated with Social CRM. In specific, most small companies suffer from the lack of sufficient financial resources and typically owner-managers invest their own personal assets. Indeed, limited financial resources can lead small companies to be cautious about their investment and capital spending. An imprecise new project investment decision could cause drastic financial consequences for them, and in extreme circumstances, may result in insolvency and economic failure. As the adoption of a new system and its components requires a significant investment in financial resources, only small companies that have adequate financial resources can consider the adoption of new technology-related projects. Even if the price of computer hardware and software has considerably declined in recent years, the adoption of such projects requires consideration of the cost of the IT infrastructure and of other expenses, including those associated with staff training, marketing, and equipment installation and deployment. Small companies often suffer from a lack of in-house technical expertise, and this may negatively affect the process of new innovative project adoption. For small companies, the owner-manager or senior management play a vital role in determining successful adoption of new ICT projects. Successful adoption essentially requires senior management to have awareness and knowledge of both ICT and marketing trends.

The ability of small companies to adopt Social CRM depends on the availability of their existing resources. Small companies face more difficulty than large companies to adopt Social CRM due to their lesser and limit resource base, especially financial and skilled human resources.

With regard to start-up companies— refers to any companies that have not been long in operation. These companies are mostly a newly established company and are in a phase of development and research to find the right market (Sandelowski, 2001). These companies have to assemble internal resources that are mostly new to them. This resource assembly requires developing business relationships with other actors that control and can provide the needed resources. Due to resource constraints, start-up companies often seek assistance and support from, for example, pre-existing informal relationships and networks (friends/families), business-related networks, potential customers, suppliers, government, universities, and trade associations. These networks can improve the ability of start-up companies to find and secure new resources and strengthen their existing (limited) resources. Similar to smaller and older companies, financial resources and the IT/marketing knowledge of senior management are essential for start-up companies to decide whether or not they should adopt new technological projects and related business practices. Indeed, start-up companies that are early technology adopters and have (or are able to have) a solid cash flow, are capable of adopting Social CRM. This is because these companies can spend more out of budgets looking for a practical and easy-to-use CRM solution from vendors, which helps complement their lack of current technological knowledge and hence enables a better management of their internal operations. By gaining and accumulating knowledge from outsourcing, start-up companies are able to allocate additional resources for the successful uptake of new technological projects.

In the case that start-up companies have insufficient financial resources, top management knowledge/skills play a critical role in facilitating Social CRM adoption. This is because start-up companies are unlikely to adopt new technologies if their owner-managers do not see the benefits of such an adoption or cannot apply new technologies to business practices. The strong knowledge and know-how of top management in both marketing and IT can help start-up companies with a lack of financial resources to form linkages with internal and external resources, acquire new resources and absorb them for effective Social CRM adoption.

The resource requirements for Social CRM adoption can pose a challenge to start-up companies, and those aiming to adopt Social CRM need to have a sufficient resource base in place.

In summary, at this stage, companies should identify the strengths and weaknesses to which resources are most relevant and available for their business to adopt Social CRM. Without having appropriate resources, it would be difficult to consider moving forward on Social CRM uptake. Successful adoption of Social CRM requires companies to form a good Social CRM team that possesses the collective knowledge in marketing, IT and customer services and that are willing to share information and form a working partnership via regularly scheduled meetings to achieve a common goal. The IT and marketing personnel's knowledge and skills are deemed an important strategic asset and thus a key direct contributor to the adoption of Social CRM. Some companies (especially smaller companies) may decide to merge the IT and marketing departments into a single unit to facilitate the Social CRM uptake. To enable the Social CRM team to achieve its mission, adequate resources, training and incentives need to be provided to them.

- ***Stage 2: Identifying the company's capabilities and their related resource inputs***

In RBV theory, companies need to possess the capabilities that will allow them to identify and exploit opportunities as well as act on changes in the external environment in a manner that facilitates the company's viability over the short and long terms. Such capabilities can be broadly categorised into 'managerial' and 'operational' capabilities. These capabilities are derived from the company's capacity to combine and deploy resources advantageously, and thus involve complex patterns of coordination between people and other organisational resources. Arguably, when both managerial and operational capabilities are used in tandem, companies will be able to effectively adopt the changes taking place.

Since the competitive environment is dynamic, successful companies must possess *a managerial capability* to respond rapidly and more flexibly to changing signals – especially technological trends and customer demands – from the marketplace. A managerial capability is the ability of top management such as owner-managers, CEOs or senior managers to create a strong and positive workplace culture, which facilitates the engagement of all employees as well as the achievement of business goals and objectives. This capability involves the quality

of leadership in leveraging new technologies and market opportunities and effectively integrating them into organisational practices and culture. Indeed, the ‘perceived usefulness’ of new social media technologies which aligns with TAM theory will influence the decision of top management to incorporate such new technologies into their company’s CRM system.

Deploying a managerial capability must be accompanied by the creation of organisation-level mechanisms for promoting the efficiency of resources utilisation in business operations; that is, an *operational capability*. An operational capability involves: bringing together of people in different project teams within a company (IT and marketing departments), technological development, and market-customer links; and ensuring that the value of new knowledge brought about by Social CRM adoption is embedded in a company’s daily routines and processes. This capability allows companies to successfully implement organisational changes supportive of Social CRM as well as seeking out and capitalising on (instead of merely reacting to) new external opportunities.

Although both large and small companies can have the managerial and operational capabilities for eliciting Social CRM, the ways for developing these capabilities are different. Specifically, large companies (given subject to legislation with less flexibility) tend to develop a managerial capability using formal, systematic methods and based on the skilled knowledge of top management and corporate culture or identity. Large companies could also develop a managerial capability by building individual and team motivation (within a corporate culture) and consequently improving the ability of top management to initiate and manage changes required for adoption of new technologies. For large companies, an operational capability is often created through a collection of interrelated operational routines to solve operational problems embedded in the process of new technology adoption and through a cross-functional integration of IT and marketing departments and coordination of resources. The development of this capability in large companies entails selecting people with the requisite knowledge and skills, upgrading or expanding individual abilities as needed, and generating better operational processes that could lead to a competitive advantage.

For large companies, managerial and operational capabilities are developed based on formal processes and these capabilities form part of a Social CRM-related coordinating

mechanism linking organisational factors to their individual foundations, making successful adoption of Social CRM more likely.

In contrast, small companies, given their limited resource base, tend to develop managerial and operational capabilities based on their unique characteristics; the characteristics that can provide a distinct basis for their strategic advantage over their larger counterparts. Such characteristics include the closer interaction and shorter line of communication between managers and employees, the flexibility to respond rapidly to changes in the business environment, and an entrepreneurial orientation and innovativeness. For small companies, the most common form is the owner-managed business where ownership and managerial control rest with the owner-manager. The limited number of trained and experienced people within a small company results in owner-managers being responsible for many tasks and perform a central role in their decision making process. This ownership structure makes the role of top management and their managerial skills critical in influencing the strategic choice of small companies to engage in Social CRM. In other words, the owner-manager with a managerial capability is a key generator in supporting organisational learning and change, and in aiding the development of an operational capability required for the successful adoption of Social CRM in small companies. Unlike large companies, small companies typically develop close relationships with their business networks based on a more informal trust-based approach, characterised by intuitive and personal engagement. This helps enable the values and culture of Social CRM to be more easily embedded within a small company.

However, it can be argued that not all small companies can develop managerial and operational capabilities since some companies may not possess those unique characteristics, are unable to deploy such characteristics advantageously, or may be heavily constrained by resources. For those that are unable to develop managerial and operational capabilities, the development of a shared vision among organisational members is critical. Such a shared vision could allow owner-managers or top management to rally people around, inspire vision, motivate followers to perform, and empower people to make change happen. It also allows managers to listen to employees attentively, address their needs, suggest and coach them, coordinate related activities, monitor day-to-day operations, and allocate tasks to achieve the business goals. Creating a shared vision helps create supportive workplace environments where all organisational members become united with a strong mutual relationship. Having a shared vision in place enables a company to generate the internal pressure and enthusiasm

needed for innovations and changes with regard to Social CRM adoption, thereby making it hard for competitors to imitate. Apart from developing a shared vision, acquiring and exploiting external resources through inter-organisational exchanges such as alliances can be considered an effective approach to facilitate the development of managerial and operational capabilities.

Having both managerial and operational capabilities makes the adoption of Social CRM by small companies more likely. Yet small companies develop these capabilities based on their distinctive characteristics or through a shared vision or inter-organisational exchange.

Start-up companies begin with inadequate resources leading to incomplete development of capabilities. They tend to use resources creatively due to the fact that they do not have the specialised structures and routines that can block them from thinking about new ways of using resources. In doing so, new technology trends for organisational creativity and innovation can be more easily embraced in start-up companies. Similar to large and small companies, both managerial and operational capabilities are important for start-up companies to induce Social CRM adoption. However, for start-up companies, a managerial capability is likely to be more important than an operational capability for two reasons. First, the idea of doing new things is influenced and shaped by the attitude, knowledge and experience of the owner or top management. Second, an operational capability involves effectively integrating people, process and technology and thus can require a significant investment in resources and information sharing across departments/units which can pose difficulty to start-up companies. For this reasoning, the creation of an operational capability may not be feasible in the short term for start-up companies, necessitating the need for a managerial capability to play a crucial part in their survival and short-term gains. Investment in new technologies that facilitate the effective customer information flow process is more likely in start-up companies that have a managerial capability in place.

Social CRM adoption could pose a challenge for start-up companies. For these companies, a managerial capability is more important than an operational capability to facilitate Social CRM adoption.

In summary, the adoption of Social CRM requires companies to identify their organisational capabilities developed based on a combination of their resources determined by company size

that can support and facilitate such an adoption. In order to adopt Social CRM successfully, the development of managerial and operational capabilities is critical. Large and small companies develop these capabilities differently. The availability of resources makes large companies well positioned and equipped to develop the two capabilities, while small companies tend to develop these capabilities based on their unique characteristics or through the development of a shared vision or inter-organisational exchange. For start-up companies, however, attention needs to be paid to the development of a managerial over an operational capability.

- ***Stage 3: Appraise the rent-generating potential of resources and capabilities***

From an RBV perspective, varying performance between companies is a result of heterogeneity of resources and capabilities (Grant 1991). As such, an analysis of the rent-generating potential of capabilities (developed based on bundles of resources) is vital. Companies can do so by (i) appraising the potential for sustainable competitive advantage of their capabilities and (ii) assessing the appropriability of related returns. The former is assessed by examining whether the capabilities are durable (in terms of generating long-term benefits) and difficult to imitate (due to their uniqueness and causal ambiguity). The latter is evaluated based on the ability of a company to exploit the advantages of their capabilities (Grant 1991).

There are three reasons to believe that managerial and operational capabilities (mentioned early in Stage 2) are the foundations for successful adoption of Social CRM, and which in turn promote business performance. First, companies owning these capabilities are able to appropriate and exploit the advantages and opportunities generated in the market. Second, these capabilities have long-term benefits and therefore represent the basis of a company's competitive advantage. Third, perhaps most importantly, the nature of resources used to create these capabilities is context-specific and socially-complex, making it difficult for competitors to perfectly imitate.

Specifically, the characteristics and significance of managerial and operational capabilities are determined by the specific contextual conditions of a company, involving various factors such as: the type of market served (e.g. business-to-customer versus business-to-business, or niche markets versus mass markets); the demographics of customers (e.g. early technology

adopters versus technology laggards); the industry where a company operates and competes; the size of business and the characteristics of employees employed (young staff with superior understanding of Generation Y customers and technological trends versus old staff with resistance to new technologies); and importantly, the top management's knowledge related to new technologies and social trends (high tech-savvy versus low tech-savvy leaders). The unique 'company -specific' nature of these capabilities enables companies to appropriate the returns from adopting Social CRM, especially the returns from exposing their brand to a large audience and meaningfully engaging with customers.

In summary, the assessment of the rent generating potential of managerial and operational capabilities reveals that these capabilities are valuable and necessary for Social CRM adoption by companies.

- ***Stage 4: Selecting a strategy with best exploiting capabilities relative to the external environment***

Strategy is the company's comprehensive and integrated plan designed to ensure its business goals and objectives are achieved. It involves a series of actions directed at positioning the company in a competitive environment. Drawing on RBV, companies should select a strategy that best exploits their capabilities in relation to the opportunities that exist in the external environment (Grant 1991). Formulating a strategy around the company's most important capabilities also suggests that the company limits its strategic scope to those activities where it possesses a clear competitive advantage.

With regard to Social CRM adoption, a well-thought-out strategic approach to Social CRM appears essential if companies wish to strengthen their brand and build a trust-based relationship with customers in the face of complex challenges posed by the external competitive environment. In this sense, companies need to select and formulate a Social CRM strategy in a way that most effectively exploits their managerial and operational capabilities to advantage themselves over their competitors. By building a competitive advantage in this way, the intended benefits from Social CRM adoption such as exposing a company's brand to a large audience and meaningfully engaging (rather than managing) customers could be derived, all of which together contribute positively to business performance.

The way in which a company develops its Social CRM strategy – including the methods of profiling, segmenting and targeting customers, as well as the levels and types of strategy chosen – are likely to be shaped by the specific context in which the company operates. For some companies, Social CRM may be created as a business strategy or strategic intent, while for the others Social CRM could be formed as part of the corporate strategy. In formulating Social CRM strategy, companies in different size classes tend to follow different paths based on different sets of resource endowments and organisational characteristics used to generate their managerial and operational capabilities. Large companies are likely to formulate a formal Social CRM strategy designed to capture brand recognition and market power, while smaller companies are better able to develop an informal Social CRM strategy through their unique characteristics of flexible managerial structures (closer and more personal interaction between managers and staff) and greater responsiveness to changing market demands and customer needs. A start-up company may engage in Social CRM informally as part of a business strategy, and the level of engagement is likely to be dependent upon the readiness of its capabilities and resources as well as the owner-manager's knowledge, skills, creativity, motivation and ability to add value for the company. However, there is a general agreement among business managers that Social CRM strategy, regardless of whether it is developed formally or informally, must consist of three key elements: focusing more on the marketing- than technological-aspect; having online communities created to facilitate transparency in communication; and avoiding force-feed advertising via social media.

In summary, Social CRM, as a strategy or part of a corporate strategy, needs to be developed in the way that best exploits a company's capabilities and its own specific context relative to external opportunities. Large companies with a relatively formal strategy-formulation process are more likely to have a formal Social CRM strategy in place. The formal strategy-formulation process is absent in small and start-up companies, and thus they are more reliant on informal methods to develop Social CRM and use such a strategising effort as a way to confront the uncertainty of their business context.

- ***Stage 5: Identifying resource gaps needed to be filled***

The last stage of Social CRM adoption involves identifying resource gaps that if filled could lead to a better development of capabilities, a stronger competitive advantage, and a more

effective strategy. Identifying resource gaps requires the assessment by top management of what advantages should be focused upon to improve activities and enhance a competitive advantage. Then, top management needs to recruit new identified resources, take actions on an appropriate way, and re-start their strategy formulation process from Stage 1.

Successful strategy formulation for Social CRM requires the design of a strategy that not only makes the most effective use of the company's existing managerial and operational capabilities relative to external opportunities, but also supports the development of new capabilities arising out of strategy implementation. Generally speaking, a company needs to identify resource gaps and invest in replenishing, augmenting and upgrading its resource base to support the on-going process of implementing Social CRM strategy over the long-term. For example, if a small or start-up company with a budget finds itself lacking in expertise in implementing Social CRM successfully (and if the budget available), it could seek external resources such as consultants or outsourcing vendors. On the other hand, a company with confidence in implementing Social CRM in-house could fill its resource gap by investing in staff training to build up or increase employee skills in order to effectively and efficiently use the new technological knowledge, and to better understand the company's operational procedures and related problems and challenges. The process of identifying and filling resource gaps is iterative and can lead to new or significantly improved capabilities and subsequently a higher-level strategy for Social CRM.

Notably, Social CRM strategy is a necessary but not sufficient condition for enhanced business performance. A company's financial performance may reduce even in the existence of a well-executed Social CRM strategy if it is unable to recover the resulting financial value at a cost lower than that required to create it, or if its returns are diluted by unforeseen circumstances external to the company. As such, to achieve an improvement in performance, a company needs to consider not only how to build competitive advantage through Social CRM strategy, but also the costs and external conditions at the time of implementing such a strategy.

In summary, companies should upgrade their resources to support the development of better capabilities and a more effective strategy and hence to expand its strategic opportunities. The choice of filling resource gaps for successful Social CRM adoption depends on the context in which a company operates and related business needs.

7.4 Key findings of this research

The following section will present six key findings from this research that provides insights into the current state of Social CRM in Australian companies.

Key Finding 1:

Through exploring the role and nature of Social CRM in Australian companies, this research provides insights that help explain the process of Social CRM adoption and related strategy formulation. The results of this research can be supported by Grant's (1991) RBV framework of strategy formulation (section 7.3), which suggests that resources and capabilities are the basic building blocks for strategy and that adoption of a strategy that makes the best use of a company's resources and capabilities is a foundation for business success. Without the presence of appropriate resources and the ability to combine resources to form capabilities and to utilise these capabilities for Social CRM, it is unlikely for companies to adopt Social CRM or to be able to reap the benefits that such a strategy offers.

Therefore, the first key finding (KF1) is:

- *Resource-based view (RBV) theory provides a suitable framework to help companies make a decision about Social CRM adoption.*

Key Finding 2:

The main objective of Social CRM adoption is to engage or interact with customers through social media in order to build trust and establish brand loyalty (section 6.3.1). Social CRM should not be considered as a new marketing tool aimed at directly advertising and promoting marketing techniques to boost sales. Rather, it should be considered as a strategic business practice that enables companies to engage long-term profitable relationships with customers; doing so by creating customer engagement into the value creation process with the business through the use of social network systems. With the emergence of the social media landscape, Social CRM provides an opportunity for customers to actively participate and contribute to solutions, meaning that customer interactions have moved from a one-way to a two-way communication stream. Customer attitudes, expectations and behaviours have changed since the world has moved to a new era of 'information and source credibility' with the arrival of the social media technologies, and hence Social CRM. With the new era of Social CRM, customers are more accessible than ever and companies can connect and provide a more

personalised customer experience by interacting and listening to as well as creating authentic conversations with them (section 6.3.7).

Therefore, the second key finding (KF2) is:

- *Social CRM is about building meaningful interactions and trust-based relationships with customers, not just a marketing tool.*

Key Finding 3:

Successful adoption and implementation of Social CRM requires companies to possess managerial and operational capabilities (section 7.3). Companies need to design and formulate Social CRM strategy in the way that most effectively exploit these two capabilities; and in so doing, the efficient use of resources for achieving performance improvement can be gained. Apart from managerial and operational capabilities, the development of a shared vision among organisational members is also critical in enabling IT and marketing to share knowledge and work effectively together toward achieving a company's goals (section 6.3.3 and section 7.3). Shared vision helps enhance organisational learning especially cross-functional knowledge sharing between IT and marketing and facilitate a seamless process of Social CRM adoption.

Therefore, the third key finding (KF3) is:

- *The alignment of IT and marketing requires the development of a shared vision.*

Key Finding 4:

The size of a company has been considered as one of the most important determinants of Social CRM adoption (section 6.3.4). The likelihood of such an adoption appears to increase with company size. Large companies have more financial resources and skills, and therefore they are more likely to effectively manage the risks and costs associated with Social CRM adoption than small companies with lesser and limited resources and capabilities (section 7.3). While structural simplicity and streamlined operations may enable small companies characteristically to be more flexible and adaptive and thus in a good position to take advantage of social media, resource constraints can frequently inhibit the integrating of social media and their traditional CRM in a successful way. For example, inadequate knowledge and skills faced by small companies can lead to the lack of formal mechanisms to foster

behaviours supportive of Social CRM and to effectively manage their social networking tools. Large companies, in contrast, have greater opportunities to reap the benefits of scale, scope and learning from their Social CRM efforts. Also, compared to their smaller counterparts, large companies are more likely to feel more pressure to engage in a two-way communication with customers through Social CRM in order to improve brand recognition, increase market power and stay competitive. Competitive forces brought about by rivalry among similar companies and by powerful forms of new technology in managing and engaging customer relationships, guide the choice of which resources to exploit for Social CRM in large companies (section 6.3.10).

Therefore, the fourth finding (KF4) is:

- *There is a positive correlation between company size and technology development in regard to Social CRM adoption.*

Key Finding 5:

As with any new technology, the process of Social CRM adoption and implementation involves experimentation and often proceeds by trial and error. Therefore, strong support from top management is paramount for successful adoption and implementation of Social CRM. In so doing, top management needs to demonstrate their own understanding of, and competence with, new technologies associated with Social CRM as well to see this as game-changing. Leaders who are innovative and have technical knowledge, skills and experiences in the area of IT would most likely embrace a new system and be early Social CRM adopters (section 6.3.4 and section 7.3). Top management and their knowledge about technological and social trends play a crucial role, especially for start-up companies in the development and deployment of managerial and operational capabilities for Social CRM (section 6.3.4 and section 7.3). The willingness and enthusiasm of top management in rapidly adopting Social CRM as well as their full commitment and support in terms of resources, time and training provision are vital for making the successful adoption and implementation of Social CRM more likely.

Therefore, fifth key finding (KF5) is:

- *Top management needs to be early adopters.*

Key Finding 6:

Effective implementation of Social CRM requires companies to consider what needs to change and to manage those changes in ways that best fits their own business context and organisational culture and ensure that the changes are well accepted by all organisational members. Change management requires a deep commitment by top management and the involvement of all employees, thereby indicating the need for on-going development of managerial and operational capabilities (section 6.3.6 and section 7.3). In-house development and implementation has been widely used by companies engaged in Social CRM. Such an in-house implementation has two characteristics: involving the observations of the best practices for Social CRM implementation used by other companies and the adaptation of such practices to fit a company's culture and its customer appeal; and involving the refinement, rather than transformation, of a company's existing successful strategies and processes (section 6.3.6). This implies that Social CRM is considered a business strategy or could be integrated as part of an existing corporate strategy (section 7.3).

Therefore, sixth key finding (KF6) is:

- *Social CRM could be used to refine existing processes and strategies rather than create major changes.*

7.5 Answering the research question and objectives

The aim of this research is to examine the uptake of Social CRM in Australian companies by generating insight into factors that support or hinder adoption. The combined quantitative and qualitative findings discussed in Chapter 6 resulted in the following six key findings (KF).

- **KF1:** Resource-based view (RBV) theory provides a suitable framework to help companies make a decision about Social CRM adoption.
- **KF2:** Social CRM is about building meaningful interactions and trust-based relationships with customers, not just used as a marketing tool.
- **KF3:** The alignment of IT and marketing requires the development of a shared vision.
- **KF4:** There is a positive correlation between company size and technology development in regard to Social CRM adoption.
- **KF5:** Top management needs to be early adopters of technology.

- **KF6:** Social CRM could be used to refine existing processes and strategies rather than to create major changes.

The overarching research question that this research aims to answer and a set of related research objectives are listed below:

Research Question (RQ)

- What is the role and nature of Social CRM in Australian companies?

Research Objectives (RO)

- RO1: To identify the objectives and strategies for Social CRM initiatives in Australian companies.
- RO2: To investigate the current state of Social CRM in Australian companies.
- RO3: To identify the benefits and challenges in Social CRM initiatives in Australian companies.

The answer to each of the three research objectives will be provided first, before proceeding to answering the overarching research question.

7.5.1 The objectives and strategies for Social CRM initiatives in Australian companies (RO1)

This research has found that the main objectives for Social CRM adoption by Australian companies are to strengthen a company's brand, establish a trust-based relationship with customers, and build customer loyalty (section 7.3). While these objectives are similar to those of traditional CRM, Social CRM provides a more effective way for the objectives to be linked to the actual outcomes, since such an initiative; by integrating social networking technologies into brand strategies, enables brand awareness and trust-based relationships to be built effectively and efficiently to a larger and more qualified audience than in comparison to traditional CRM. Thus, Social CRM is used as a 'brand builder' aimed at creating positive customer experiences that result in the acquisition of customers.

The focus of Social CRM adoption by Australian companies is more on engaging instead of managing potential customers and retaining existing customers than on enhancing customer profitability. Customer engagement represents the intensity of customer participation via

social networking platforms and the emotional connection attached to brand based on an ongoing interactive exchange (section 6.3.1). This exchange enables Australian companies to move from monologue to dialogue with customers, and to derive new knowledge about those customers and devise ways to enhance their loyalty. This knowledge subsequently allows for the designing of campaigns aligned with marketing and brand-building purposes (section 6.3.1).

Turning to strategies for Social CRM engagement, the strategising approach to Social CRM used by Australian companies is characterised by high levels of informality, abstraction, trial-and-error experimentation, problem-solving, and is often driven by the personal knowledge and experience of the company owner. This may reflect the fact that the majority of companies in Australia (over 80%) are micro and small-to-medium sized companies, and these companies (due to resource constraints) encounter the difficulties in developing Social CRM as a formal business strategy. The uptake of Social CRM is largely determined by their own business context. Successful adoption of Social CRM requires the availability of company-specific resources and the ability of companies to utilise and properly combine these resources to develop managerial and operational capabilities. Successful formulation of Social CRM related strategies depends on the readiness of the company in terms of resources and capabilities and the awareness of IT by company leaders to take advantage of new opportunities (section 7.3). Many companies, especially smaller and start-up companies are still in doubt about whether Social CRM should be created as a formal business strategy or be fully integrated into their business operation. Their strategising efforts are typically characterised by emphasising the marketing rather than the technological aspect of Social CRM, creating online communities to facilitate transparency in communication, having different types and levels of strategy for different customers, and avoiding ‘force-feed’ advertising through social media. Companies also prefer to refine existing processes, strategies or company’s practices for their Social CRM adoption, instead of creating major changes (section 7.3).

7.5.2 The current state of Social CRM in Australian companies (RO2)

The adoption of Social CRM by Australian companies has been relatively ad hoc, superficial and even primitive, and usually not supported by a formal integration strategy and policy framework. It appears that Australian companies are increasingly taking advantage of social

media technologies to manage customer relationships. Both the marketing and IT staff are responsible and involved in the adoption and implementation of Social CRM, and the ways in which companies adopt Social CRM are determined by their characteristics, especially the size of the company, top management support and their business context.

Specifically, the likelihood of Social CRM adoption appears to increase with organisational size. Large companies have more resources and a greater ability to combine these resources to form managerial and operational capabilities; therefore, they are more effective in managing the risks and costs associated with their Social CRM adoption, compared to small or start-up companies with limited resources (section 7.3). The successful uptake of Social CRM is heavily reliant on a strong support from top management, and this necessitates the need for the development of well-prepared management strategies and the provision of adequate and ongoing training to ensure staff awareness and maintain ongoing staff commitment to a company's Social CRM system. The uptake of Social CRM is more likely if top management is able to create a shared vision among staff toward Social CRM adoption (as such an initiative requires the involvement of all employees) and has good knowledge in ICT and social trends (section 6.3.4).

Companies engage in Social CRM in a way that best fits the context in which they operate and the nature of their company culture. The process of Social CRM engagement involves various activities. Assessing the organisational readiness is carried out through: turning the company focus towards a more customer-centric focus, assuring support and commitment from top management, identifying the appropriate social networking sites to be used planning for the integration of social networking technologies into a Social CRM system, and proactively finding out the new ways for using these technologies to engage with customers. This process is thus complex and highly context-specific, and requires the development of a cross-functional team to be in charge of a Social CRM project. Since Social CRM is not merely confined to technological specifications but rather involves the culture of an organisation that is supportive of Social CRM, the alignment of the organisational values and culture towards incorporating the new strategy that is related to the company's Social CRM system or change management is imperative. Companies typically do not change their current company practices, but rather add new Social CRM support practices alongside their existing ones. This points to the importance of a refinement of a company's existing business practices in response to Social CRM implementation.

In the Australian business context, the implementation of a Social CRM in-house is common. Such an in-house method is often made through adaptation, where companies learn from the best practice of linking social technologies to CRM of other companies, and adjust or pace their own business practices for Social CRM. The appropriate methods of implementing a Social CRM system are also determined by the size of the company. Hiring a consultant to help in the planning and execution of a Social CRM system is used widely in micro companies and large companies, compared to companies of other size-classes. Large companies are also able to afford the cost of using an outsourced vendor or purchasing the software from this vendor.

The implementation of Social CRM should always be accompanied by a monitoring process and evaluation of the efficacy of implementation. Companies that adopt Social CRM have a well-developed monitoring process in place that allow them to effectively respond to customers' comments, concerns and needs in a timely and positive manner and that ensure all the corporate messages sent out on social media sites are consistent and not to confuse people. The development of the metrics for measuring and monitoring the impact of Social CRM implementation is a different process between large and small companies. Small companies often measure the 'outputs' of their social media presence obtained through the report generated from SNS providers, while large companies measure the 'outcomes' of their Social CRM effort against their business objectives (section 6.3.8).

7.5.3 The benefits and challenges in Social CRM initiatives in Australian companies (RO3)

Australian companies adopt Social CRM with the expectation of benefits, particularly in terms of building 'brand capabilities' through interaction and engagement with target customers, and thus the benefits of Social CRM are linked to the objectives for its adoption. This research has found that the three main benefits derived from the adoption and implementation of Social CRM as reported by Australian companies are: strengthening a company's brand, building a trust-based relationship with customers, and enhancing customer loyalty.

These benefits of Social CRM are connected to the benefits of social media use. Companies realise that customers no longer hesitate to use social media to obtain information and express their opinions to only a brand. They see the need to put customers back at the heart of their business operations by using social media tools and embracing them in their strategic approach to Social CRM. Communication and conversation flows generated by collaboration and co-creation on social media platforms with customers allow companies to engage with existing and potential customers at a more personal level. Such an engagement allows companies to better understand customer experiences toward their brand and this consequently helps to improve their business performance. Information captured through social media technologies and a Social CRM system also helps companies to identify the actual costs of gaining and retaining individual customers.

The evidence presented in this research reveals that the benefits of Social CRM are not immediately apparent in the short term. This is one of the key challenges to Social CRM engagement among Social CRM adopters, along with the challenges in terms of the length of time required to monitor social networking sites, insufficient information on how to effectively implement Social CRM, and a lack of skills and qualified personnel (section 6.3.10 and section 7.3). Many companies are still reluctant to fully invest in a Social CRM project due to the amount of resources that may be required, and consequently such a project is unlikely to be fully committed to until the values from Social CRM (e.g. ROI) can be perceived and justified. Some companies measure the outcome of their Social CRM implementation by evaluating the effectiveness of their data and information technology infrastructure in terms of its capacity to access social media data and capacity to merge such data with the current customer data in their existing CRM system. However, such a measurement is not straightforward as many companies are limited in their ability to identify which social media activities attract customers with the highest profitability, to assemble a good ‘cross-functional’ (IT/marketing) Social CRM team, to integrate multiple platforms for different social networking channels into an ‘all-in-one-place’ system to fully capture market trends and opportunities, and to identify the practices that best serve their customer needs. This at the same time as aligning everything with their business objectives. The research findings also suggest that success in Social CRM implementation requires not only a company’s ability to adapt to rapid change in the technology and social media landscape, but also its ability to integrate both the short- and long-term benefits of Social CRM into ‘future’

business objectives. These integrated objectives would allow companies to build up mutually beneficial long-term relationships based on high customer engagement (section 6.3.10).

For companies that are yet to adopt Social CRM or are non-Social CRM adopters, the main barriers that deter their adoption are: the perception of costs outweighing benefits, organisational rigidity, data privacy and security issues (law enforcement restriction of social media use), a lack of management support, and concerns about the misuse of social media tools by employees (section 6.3.10). These barriers remain a point of resistance to wider engagement in Social CRM.

7.5.4 The role and nature of Social CRM in Australian companies (RQ)

Social CRM in Australian companies are at the early stages of adoption, with the focus being more on its strategic management than with the technical aspects, and with the transparency in communication being critical. There appears to be a lack of understanding on the part of Australian companies as to how Social CRM might best be implemented effectively to generate improved profits and other important business outcomes such as retaining control over a company's market presence. As such, the role of top management such as their knowledge in ICT and social trends, as well as their visible support and commitment are vital in helping manage organisational changes required for Social CRM adoption. This support helps to overcome staff resistance to new technologies, facilitate the development of cross-functional learning and thus shared vision among IT and marketing staff, encourage all employee involvement, and to ensure the benefits generated from Social CRM engagement are reaped.

To be successful in adopting Social CRM and formulating its strategy, companies can use RBV theory framework to analyse the existing resources and capabilities in order to facilitate decision making requirements as a starting point for Social CRM adoption. Australian companies that aim at adopting Social CRM must have resources and capabilities that support the adoption of such initiatives, and have the ability to acquire new resources and capabilities given that these functions are fundamental to Social CRM adoption. Without such resources and capabilities, companies are not in a position to adopt Social CRM. However for those that have already adopted Social CRM, the level of Social CRM adoption, investment and implementation depends on the context in which a company operates and the availability of

its existing resources and capabilities. Arguably, although large companies may be well-resourced, they can have trouble fully adopting Social CRM due to structural inertia that inhibits their capacity to change and seize new opportunities offered by newly emerging social technologies. Compared to large companies, smaller or start-up companies face more difficulty in adopting Social CRM as a formal business strategy due to their limited resource base, and are more likely to adopt Social CRM as part of their corporate strategy monitored by an informal strategic framework. Notably, even though both larger and smaller companies perceive a link between the objectives of their Social CRM adoption and the associated benefits received, the payoffs are likely to be fully visible only over the long-term, thereby making the cost-benefit risk appear larger in the short-term. Therefore, only those that have a clear strategic intent with regards to customers and have a well-planned and organised Social CRM strategy with clearly defined goals will enable them to take full advantage of this initiative for their company.

7.6 Contributions of the research

This research makes important contributions to IT knowledge and research on Social CRM. These contributions are categorised into three levels: substantive, methodological and theoretical.

7.6.1 Substantive level

This research is the first large-scale exploratory investigation of the role and nature of Social CRM in Australian companies that uses the survey data of 1,060 companies combined with seventeen semi-structured interviews. In presenting the findings, this research sheds light on an important topic that is currently deficient in empirical research in ICT, and addresses the question of whether and how to adopt and implement Social CRM as part of a coherent suite of business strategies. The research findings contain value for owner-managers or top management of companies wishing to formulate strategies for effective Social CRM engagement. Apart from an understanding of Social CRM in the Australian private sector, this research also helps IT and/or marketing executives, CRM managers and CRM consultants better understand the fundamentals of social networking and Web 2.0 technologies, and what they can mean for marketing and CRM at their companies. Finally, this research provides strategic Social CRM guidelines that can be adapted for use by the private sector and also provides Social CRM engagement model along with useful managerial

insights for effective tactical decision making to senior management. The findings in this research, therefore, serve as a starting point for research into Social CRM implementation in the private sector to build up confidence among shareholders and investors for adopting such initiatives.

7.6.2 Methodological level

By employing a mixed methods approach to research design and data analysis, this research offers a middle path between quantitative and qualitative approaches, and provides a breadth and depth of understanding and corroboration of the Social CRM phenomenon in the Australian business context. At the methodological level, this research re-affirms the utility of a concurrent mixed-methods approach to research design in providing detailed insights of the Social CRM phenomenon as well as the utility of this existing suite of conventional methods for analysing data. In the other words, the concurrent mixed methods, through the use of both the quantitative descriptive analysis and the qualitative thematic analysis, by applying the principles of grounded theory to support thematic coding help provide a holistic perspective of the phenomenon. Especially, qualitative analysis, thematic analysis is used to analyse classifications and present themes (patterns) that relate to the data. It illustrates the data in great detail and deals with diverse subjects via interpretations. Using the principles of grounded theory to support thematic coding also enables researcher to extract new data or codes from the text and grouping them into categories in order to generate themes. Thus, this form of mixed methods research makes a unique methodological contribution by demonstrating the opportunities for pragmatism, showing a various mixing techniques for data collection and analysis to obtain reliable findings.

7.6.3 Theoretical level

This research presented a three-stage process for Social CRM engagement framework that was supported by a resource-based view (RBV) framework in helping ICT researchers and managers better understand a strategic approach to Social CRM adoption. The findings of this research offer great potential for the development of better theories that bridge the IT and marketing domains and that provide the basic building block for successful adoption of Social CRM.

This research has demonstrated the usefulness of RBV theory. The research findings support the RBV notion that resources and capabilities are the foundations for strategy formulation for Social CRM and thus the key drivers of the benefits derived from such an initiative. The choice of which resources to nurture and exploit and the ways for combining resources together to develop a company's capabilities for Social CRM must be guided by an understanding of the context in which the company operates and the trends in technology, market and its customers' needs.

7.7 Limitations of the research

Although this research has raised many important issues, it also has a number of limitations. First, the findings of this research are limited by a focus on a single national economic context. As a consequence, the findings may only reflect the specific characteristics of companies in Australia and may not therefore be generalisable to companies in other economies. Second, the sampled companies were broad and diverse in their characteristics and the industry sectors they operate in. The findings should thus be interpreted in the light of the heterogeneity within the sampled company group. Third, the findings are limited by the self-reported nature of the data collection process. Although the perceptions of owner-managers or top management (for the interview) and of IT and marketing managers (for the survey) are widely accepted as accurate reflections of Social CRM related strategies, the subjective and potentially idiosyncratic nature of their reporting of Social CRM related practices and processes, barriers and challenges involved, and beneficial outcomes should be borne in mind when interpreting the findings. Fourth, the use of a single informant in each company – focusing on higher-level managers and ignoring lower-level staff and customers – could introduce the potential for bias. Thus, it may be argued that conducting more interviews could have a deeper insight into the issues regarding such initiatives. Finally, the research findings are exploratory in nature, pointing to the need for future research to help build a more robust strategic approach to successful Social CRM adoption and implementation.

Since academic research on Social CRM in Australia is currently in its infancy, and it is acknowledged that the current empirical research is only one contribution, more rigorous academic research on this topic needs to be undertaken.

7.8 Directions for future research

A number of directions for future research are possible. First, this research proposes a framework for best practice in regards to Social CRM in the Australian private sector, using RBV theory that provides a valuable starting point of ideas for such an adoption; but other aspects such as TAM and the diffusion of innovation model or motivation theories as researchers have applied in the IT field can also be beneficial. Moreover, as a framework derived from this research was not tested in practice, future research should empirically test this framework to determine its effectiveness in practice.

Second, since Social CRM is a relatively new term that applies the social networking phenomenon to the CRM concept, future rigorous longitudinal research on the mechanistic process of Social CRM engagement and the related supportive strategies, outcomes and the measurement of Social CRM would be of high practical value in helping reveal the inner workings of the Social CRM ‘black box’ and in demonstrating the actual payoffs of such an initiative. Future longitudinal research that conducts an in-depth comparison of Social CRM initiative and traditional CRM as well as such initiatives adoption in specific industry sectors, company size classes and target customer groups, would also yield useful insights that enhance an understanding of the Social CRM phenomenon and support the development of a business case for effective Social CRM investment.

Third, similar studies can be conducted in other countries to evaluate these research findings and thus determine their broader generalisability. Finally, future research using objective sources of data that do not rely on self-reporting and which include multiple informants per company, would allow for the multi-level insights into the development and implementation of Social CRM as well as the resources and capabilities that should be deployed. These multi-level insights would provide context-specific guidance for (heterogeneous) companies to integrate social networking or Web 2.0 technologies into their Social CRM system in the way that maximises both superior customer value and a company’s profitability. Such an outcome would be of high value to individual owner-managers and government policy makers alike.

7.9 Chapter summary

The aim of this research was to examine the uptake of Social CRM in Australian companies by generating insight into factors that support or hinders adoption. The research method

chosen is a mixed methods approach based on a concurrent design. This approach enables the development of a rich, comprehensive view of Social CRM that describes and explains the current patterns of Social CRM adoption and implementation in Australian companies. The findings suggest that Social CRM adoption by Australian companies has been relatively ad hoc, superficial, and usually not supported by a formal integrated strategy and policy framework. Smaller companies confront greater difficulties than large companies in developing Social CRM as a formal business strategy due to the limitation of resources that can be used to develop capabilities for Social CRM. SMEs typically use an informal way for implementing Social CRM, including imitating or adapting the best practices deployed by other companies and incorporating them as part of corporate strategy.

The main objectives for Social CRM adoption by Australian companies are to strengthen a company's brand and establish trust-based relationships with customers through the sense of engagement. The benefits of Social CRM are linked to these adoption-related objectives. The significant commitment of resources is a key challenge in adopting Social CRM, and strong support from top management is of great importance in the early stage of its adoption. The decision about whether companies should (or should not) adopt Social CRM is determined by the readiness of their existing resources to form capabilities for such an initiative.

This research provides a three-stage process for Social CRM engagement has been proposed and discussed in relation to existing theory. This chapter also presents the outcomes from this research which resulted in the six key findings as follows:

- **KF1:** Resource-based view (RBV) theory provides a suitable framework to help companies make a decision about Social CRM adoption.
- **KF2:** Social CRM is about building meaningful interactions and trust-based relationships with customers, not just a marketing tool.
- **KF3:** The alignment of IT and marketing requires the development of a shared vision.
- **KF4:** There is a positive correlation between company size and technology development in regard to Social CRM adoption.
- **KF5:** Top management needs to be early adopters.
- **KF6:** Social CRM could be used to refine existing processes and strategies rather than create major changes.

The novel contributions to ICT knowledge made by this research are categorised into three levels: substantive, methodological and theoretical. At the substantive level, this research is the first attempt to empirically explore and investigate the role and nature of Social CRM in Australian companies. It provides a guiding process and a possible strategic direction for Australian companies wishing to successfully adopt Social CRM and to formulate related strategies. At the methodological level, this research re-affirms the utility of a concurrent mixed-methods approach to research design in providing detailed insights of the Social CRM phenomenon as well as the utility of this existing suite of conventional methods for analysing data. At the theoretical level, this research proposes a three-stage process framework for Social CRM engagement, grounded in the RB theory, to help business owners, IT, marketing and CRM managers better understand a strategic approach to Social CRM adoption and ways for formulating relevant and effective strategies.

This chapter has also identified the limitations of the research and presented potential directions that future research should undertake.

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APPENDIX A: Survey Instrument



Survey of Social Customer Relationship Management (Social CRM)

Dear Participant,

We would like to invite your participation in the following research project titled '**The Role and Nature of Social CRM in Australian companies**'.

This research is designed to explore the nature and role of social customer relationship management (Social CRM) in Australian companies. The outcomes of this research will give guiding principles and provide a possible strategic direction for Australian companies wishing to successfully adopt Social CRM. The project therefore has the potential to help improve your company's profitability and growth, particularly under the current economic circumstances. Summary information on the outcomes of the research will be made available to all participants.

You can request a summary of the findings of this study upon its completion.

For this research to be successful, we are seeking your support and help in completing our questionnaire. This survey should only take about 15-20 minutes of your time. Please be assured that the data collected will be anonymity in strict confidence.

The accompanying [Information Sheet](#) explains the overall project –and this survey– in more detail.

This study has been approved by the Tasmanian Social Sciences Human Research Ethics Committee (HREC), in which the HREC project number is [H0013245]. If you have any concerns of an ethical nature or complaints about the manner in which the study is conducted, please contact the Executive Officer of the HREC (Tasmania) Network on (03) 6226 7479 or human.ethics@utas.edu.au.

Best regards,
Mr Kritcha Yawised
Research Higher-degree student
School of Information and Communication Technology
University of Tasmania
Ph: (03) 6226 2910
kyawised@utas.edu.au

INVITATION E-MAIL

Dear Officer,

I am writing to you to request your participation in a brief survey. Can you please pass this email onto the IT manager or marketing manager - or the person who is in charge of Social CRM in your company? If you have received this email and/or completed this survey before, you can decline to participate at all.

For IT or Marketing Manager,

We would like to invite your participation in the following research project titled '**The Role and Nature of Social customer relationship management (Social CRM) in Australian companies**'.

Note: Social CRM is the use of social media (e.g. Facebook, Twitter, LinkedIn, SlideShare etc.) to enhance your traditional CRM).

We would appreciate your taking the time to complete the following survey. It should take about ten to fifteen minutes of your time. If you are interested in participating in this research please continue and read the participant information sheet via the link below.

Survey link: <http://www.surveymonkey.com/s/XXXXXXX>

This study has been approved by the Tasmanian Social Sciences Human Research Ethics Committee (HREC), Ref No: H0013245.

Thank you for your time and attention. If you have any questions or concerns, or have misplaced the questionnaire and would like another copy sent to you, please feel free to contact me or my supervisors at the contact details provided below.

Yours Sincerely,
Mr Kritcha Yawised

PhD student
School of Information and Communication Technology
University of Tasmania
Ph: (03) 6226 2910
kyawised@utas.edu.au

PROJECT INFORMATION SHEET (SURVEY)

Dear Participant,

The purpose of the project is to explore and determine the role and nature of social customer relationship management (Social CRM) in contemporary Australian companies. We believe that the study findings will give guiding principles and provide a possible strategic direction for Australian companies wishing to successfully adopt Social CRM. This will be useful for IT and marketing executives who aim to develop a customer-centric enterprise thus effectively improving the existing and future relationships with customers. The survey should only take about 10-15 minutes to complete.

Please follow the link below to access the survey:

[\[https://www.surveymonkey.com/s/SurveySocialCRM\]](https://www.surveymonkey.com/s/SurveySocialCRM)

This research is being undertaken to fulfil the requirements of a Doctor of Philosophy under the auspices of the School of Computing and Information Systems at the University of Tasmania. The research will be conducted by Mr Kritcha Yawised, a research higher-degree candidate of the School of Computing and Information Systems, and overseen by Professor Peter Marshall in the School.

Your completion and submission of the survey will **indicate your consent** to participate in this study. Participation in this study is entirely voluntary. You can decline to answer any questions, or can decline to participate at all. Once completed and submitted survey the survey cannot be withdrawn.

Your survey responses will be anonymous and confidential. Any information you provide will be used solely for the purpose of this research. The completed questionnaires will be viewed only by the researcher, and will be analysed and reported in statistical terms. Please be assured that you (and your company) will not be identified by name in the thesis or any publications arising from this research.

All questionnaires will be kept securely in locked filing cabinets and on a password-protected computer in the University of Tasmania School of Computing and Information Systems building for a period of five years after the completion of the project, at which time all information will be destroyed. Participants may request a summary of the findings of this research study by sending an email requesting the findings to the following email address: Kritcha.Yawised@utas.edu.au. A summary of the findings will be sent attached to a return email on the completion of the research study.

This study has been approved by the Tasmanian Social Sciences Human Research Ethics Committee (HREC), in which the HREC project number is [Ref: H0013245]. If you have any concerns of an ethical nature or complaints about the manner in which the study is conducted, please contact the Executive Officer of the HREC (Tasmania) Network on (03) 6226 7479 or human.ethics@utas.edu.au.

If you have any other questions about this research, please direct them to Professor Peter Marshall at the contact details provided below.

Thank you for participating in this research project.

Professor Peter Marshall
School of Computing and Information Systems
Faculty of Science, Engineering and Technology
University of Tasmania
Ph: (03) 6226 6255
Peter.Marshall@utas.edu.au

Mr Kritcha Yawised
Research higher-degree student
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Survey of Social Customer Relationship Management (Social CRM) in Australian companies

Social CRM is the use of social media (e.g. Facebook, Twitter, LinkedIn, SlideShare etc.) to enhance your traditional CRM.

Background information— Please select the appropriate box or fill in the blank.

What is your **main responsibility** at your company?

- ☐ IT management ☐ Marketing management ☐ Other
 (specify)_____

What is your current position at your company?

- ☐ CEO ☐ IT manager ☐ Marketing manager ☐ Other
 (specify)_____

Are you the Owner of the company? ☐ Yes ☐ No

1. Please indicate the industry sector to which your company belongs, based on the **core** business (*one answer only*).

- | | |
|--|---|
| <input type="radio"/> Agriculture, forestry and fishing | <input type="radio"/> Financial and insurance services |
| <input type="radio"/> Mining | <input type="radio"/> Rental, hiring and real estate services |
| <input type="radio"/> Manufacturing | <input type="radio"/> Professional, scientific and technical services |
| <input type="radio"/> Electricity, gas, water and waste services | <input type="radio"/> Administrative and support services |
| <input type="radio"/> Construction | <input type="radio"/> Public administration and safety |
| <input type="radio"/> Wholesale trade | <input type="radio"/> Education and training |
| <input type="radio"/> Retail trade | <input type="radio"/> Health care and social assistance |
| <input type="radio"/> Accommodation and food services | <input type="radio"/> Arts and recreation services |
| <input type="radio"/> Transport, postal and warehousing | |
| <input type="radio"/> Information media and telecommunications | |

2. Please indicate the location of your company's head office (*one answer only*).

- | | |
|---|--|
| <input type="radio"/> Australia Capital Territory | <input type="radio"/> Tasmania |
| <input type="radio"/> New South Wales | <input type="radio"/> Victoria |
| <input type="radio"/> Northern Territory | <input type="radio"/> Western Australia |
| <input type="radio"/> Queensland | <input type="radio"/> Outside of Australia |
| <input type="radio"/> South Australia | (specify)_____ |

2. Please indicate the Australian states where your company operates (*select all that apply*).

- | | |
|---|--|
| <input type="radio"/> Australia Capital Territory | <input type="radio"/> Tasmania |
| <input type="radio"/> New South Wales | <input type="radio"/> Victoria |
| <input type="radio"/> Northern Territory | <input type="radio"/> Western Australia |
| <input type="radio"/> Queensland | <input type="radio"/> Outside of Australia |
| <input type="radio"/> South Australia | (<i>specify</i>)_____ |

3. Which of the following are important markets for your company's products or services? (*select all that apply*).

- ☐ Other divisions of your company
- ☐ Other companies
- ☐ Individual customers

4. How many Full-Time Equivalent employees are working in your company? (*one answer only*)

- | | |
|-------------------------------|------------------------------------|
| <input type="radio"/> Under 5 | <input type="radio"/> 100-199 |
| <input type="radio"/> 5-9 | <input type="radio"/> 200-499 |
| <input type="radio"/> 10-19 | <input type="radio"/> 500-999 |
| <input type="radio"/> 20-49 | <input type="radio"/> 1000-4999 |
| <input type="radio"/> 50-99 | <input type="radio"/> 5000 or more |

5. Has your company had engaged in any of the following CRM activities? (Please check 'Yes' for each activity that is applicable)

CRM (Customer Relationship Management) is a business strategy that drives functional plans, processes and actions towards establishing relationships with customers.

- a) A formal process for identifying potential customers and their likely value ☐ Yes ☐ No
- b) A formal process to manage customer referrals ☐ Yes ☐ No
- c) A formal process to track the status of customer relationships throughout the whole customer life cycle ☐ Yes ☐ No
- d) A formal process to identify, interact with and regain lost customers ☐ Yes ☐ No
- e) A process to track customer information in order to assess customer value ☐ Yes ☐ No
- f) A process to segment our current customers according to their value ☐ Yes ☐ No
- g) A process to customise our products and services based on our database of customer information ☐ Yes ☐ No
- h) Determining the needs of existing and potential new customers ☐ Yes ☐ No
- i) Formal processes for cross-selling and upselling based on our customer information ☐ Yes ☐ No
- j) Formal processes for identifying low value or problem customers and discontinuing relationships with them ☐ Yes ☐ No

6. Has your company adopted and/or implemented **Social CRM**, that is, using social media (e.g. Facebook, LinkedIn, Twitter, SlideShare etc.) to enhance your traditional CRM.

- ☐ Yes, we have adopted and implemented Social CRM. → Go to Question 8
- ☐ We have recently adopted Social CRM and are currently in the process of implementation. → Go to Question 8
- ☐ We adopted Social CRM in the past but have now terminated our use of it. → Go to Question 8
- ☐ We have made *no* decision regarding Social CRM. → Go to Question 18
- ☐ We will definitely *not* adopt Social CRM. → Go to Question 18

Section A: Survey questions for Australian companies that have adopted Social CRM.

7. When did your company adopt Social CRM? Month and Year
(specify)_____
8. Please specify your level of agreement with the following statements as each relates to your company.

	<i>Strongly agree</i>	<i>Agree</i>	<i>Neither agree nor disagree</i>	<i>Disagree</i>	<i>Strongly disagree</i>
a) There is strong support from our senior management for the Social CRM initiative.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b) Our senior management has made a significant resource commitment in terms of IT, human and finance toward Social CRM.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
c) Our knowledge and understanding of Social CRM, while growing, is as yet limited.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
d) The implementation and execution of our Social CRM initiative is still a learning process.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
e) There are concerns and doubts about the return on investment from our Social CRM initiative.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
f) Our company places a high priority on the learning and development of employees in implementing Social CRM.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
g) The changes brought about by the adoption of Social CRM are managed well in my company.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

9. How **important** were each of the following **objectives** for your company's decision to adopt Social CRM?

	<i>High</i>	<i>Medium</i>	<i>Low</i>	<i>Not important</i>
a) Establishing, building, and enhancing trust-based relationships with customers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b) Building and enhancing customer loyalty	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
c) Reducing customer service costs (stemming from customers helping each other online)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
d) Strengthening our company's brand	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
e) Better understanding (existing and potential new) customers and meet their needs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
f) Improving interactive communication between the company and our customers, as well as improving shared interaction between customers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
g) Identifying market trends and opportunities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
h) Improving cross-selling and upselling of service offerings	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

10. How **important** were the following factors as **constraints** on your company's implementation of Social CRM?

	<i>High</i>	<i>Medium</i>	<i>Low</i>	<i>Factor not experienced</i>
a) Estimated financial cost is too high	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b) Costs outweigh the benefits	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
d) Time consuming to manage and monitor social media sites	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
f) Lack of qualified personnel or insufficient skills	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
g) Lack of information on how to select social media tools that suit our audience of customers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
h) Lack of information on how to effectively implement Social CRM	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
i) Lack of support from senior management (due to unclear benefits of Social CRM)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

g) Security problems	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
k) Data privacy problems	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
l) Organisational culture not aligned to the new strategy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
m) Technological barriers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
n) Misuse of social media tools by employees	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

11. Has your company engaged in any of the following Social CRM implementation-related activities? (*select all that apply*)

<input type="radio"/> Learning about social media in the context of our customers.
<input type="radio"/> Monitoring social media sites for comments and conversations regarding our company.
<input type="radio"/> Planning and identifying ways of analysing and aggregating data from social media in order to yield summary usable data regarding our customers and our products and services.
<input type="radio"/> Developing organisational policies and guidelines for the use of social media by employees in responding to or jointing customer comments and conversations.
<input type="radio"/> Regularly and systematically listening to and possibly responding to customer comments and conversations on social media regarding our company and its products and services.
<input type="radio"/> Using social media sites to collaborate and co-create content with our customers in order to increase brand engagement.
<input type="radio"/> Finding ways to use the data that we have uncovered in conversations and/or that our customers have volunteered through their use of social media.
<input type="radio"/> Evaluating or measuring social media's impact on business results.
<input type="radio"/> Proactively looking for new ways of using social media to engage with customers.
<input type="radio"/> Other (<i>specify</i>) _____ _____ _____

12. Which of the following methods of sourcing and implementing a Social CRM system is used by your company?

<input type="radio"/> Having the system developed and implemented by our IT department according to our company's needs.
<input type="radio"/> Having the system developed and implemented by an outsourcing vendor (i.e. application service provider) according to our company's needs.
<input type="radio"/> Having the system specified by our IT department, then purchasing an appropriate software package from an application service provider, and subsequently having the system implemented by our IT department.
<input type="radio"/> Our company employed a consultant(s) to help in the planning and execution of our Social CRM initiative.

13. Has implementing Social CRM in your company had an effect on any of the following?

	<i>Large positive effect</i>	<i>Small positive effect</i>	<i>Neither positive nor negative effect</i>	<i>Small negative effect</i>	<i>Large negative effect</i>
a) Long-term trust-based relationships with customers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b) Customer loyalty and retention	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
c) Costs of customer services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
d) Company's brand perception and reputation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
e) Creation and capture of customer values	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
f) Customer advocacy of your company and its products and services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
g) Knowledge of market trends and opportunities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
h) Sales revenue through cross-selling and upselling	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

14. What **Web 2.0 technologies** have your company used in association with Social CRM?
(select all that apply).

- | | |
|--|---|
| <input type="checkbox"/> Blogs | <input type="checkbox"/> Wikis (e.g. Wikipedia) |
| <input type="checkbox"/> Micro-blogging sites (e.g. Twitter) | <input type="checkbox"/> Podcast (e.g. iTunes software) |
| <input type="checkbox"/> Really Simple Syndication (RSS) | <input type="checkbox"/> Instant Messaging (IM) |
| <input type="checkbox"/> Multimedia sharing (e.g. slide-share sites) | <input type="checkbox"/> Photo sharing (e.g. Flickr) |
| <input type="checkbox"/> Social Bookmarking/Tagging
Delicious | <input type="checkbox"/> Do not have it |
| | <input type="checkbox"/> Other (specify)_____ |

15. What specific **social networking sites** have your company used in association with Social CRM? (select all that apply).

- | | |
|-------------------------------------|---|
| <input type="checkbox"/> Facebook | <input type="checkbox"/> Google+ |
| <input type="checkbox"/> MySpace | <input type="checkbox"/> Twitter |
| <input type="checkbox"/> YouTube | <input type="checkbox"/> LinkedIn |
| <input type="checkbox"/> Orkut | <input type="checkbox"/> Flickr |
| <input type="checkbox"/> FourSquare | <input type="checkbox"/> Other (specify)_____ |

16. Would you be willing for us to interview you regarding Social CRM?

- Yes, please provide your contact details:

Company:_____

Name:_____

Position:_____

Email:_____

- No

*** Thank you for your participating in the survey ***

Section B: Survey questions for Australian companies that have not yet adopted Social CRM (including those who have decided not to adopt Social CRM and those who have made no decision on the matter).

17. How important are the following factors as influencing your company's decision not to adopt Social CRM?

	<i>High</i>	<i>Medium</i>	<i>Low</i>	<i>Factor not experienced</i>
a) Estimated financial cost is too high	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b) Expected costs outweigh the expected benefits	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
c) Time consuming to manage and monitor social media sites	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
d) Lack of qualified personnel or insufficient skills	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
e) Lack of information on how to effectively implement Social CRM	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
f) Lack of support from senior management (due to unclear benefits of Social CRM)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
g) Security problems	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
h) Data privacy problems	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
i) Organisational culture not aligned to the new strategy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
j) Technological barriers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
k) Misuse of social media tools by employees	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

18. Does your company make use of social networking sites to interact with customers?

☐ YES. What are they? (*select all that apply*)

- | | |
|----------------------------------|--------------------------------|
| <input type="radio"/> Facebook | <input type="radio"/> Google+ |
| <input type="radio"/> MySpace | <input type="radio"/> Twitter |
| <input type="radio"/> YouTube | <input type="radio"/> LinkedIn |
| <input type="radio"/> Orkut | <input type="radio"/> Flickr |
| <input type="radio"/> FourSquare | <input type="radio"/> Other |
| | (<i>specify</i>)_____ |

☐ NO. What are the reasons why your company does not use social networking sites to interact with your customers? (*select all that apply*)

- ☐ It is company policy not to use social networking sites.
- ☐ Risk of breaches of data security and privacy (involuntary information leakage).
- ☐ Sensitivity of customer data.
- ☐ Reputation and branding concerns.
- ☐ Lack of a good business case to invest resources in this activity.
- ☐ Network vulnerability (spam, spyware and viruses).
- ☐ Productivity loss (employees wasting time on social networking activities).
- ☐ Other (*specify*)_____

19. Would you be willing for us to interview you regarding Social CRM?

☐ Yes, please provide your contact details:

Company:_____

Name:_____

Position:_____

Email:_____

☐ No

***** Thank you for your participating in the survey *****

APPENDIX B: Interview Instrument



Interview of Social Customer Relationship Management (Social CRM)

Dear Participant,

We would like to invite your participation in the following research project titled '**The Role and Nature of Social CRM in Australian companies**'.

This research is designed to explore the nature and role of social customer relationship management (Social CRM) in Australian companies. The outcomes of this research will give guiding principles and provide a possible strategic direction for Australian companies wishing to successfully adopt Social CRM. The project therefore has the potential to help improve your company's profitability and growth, particularly under the current economic circumstances. Summary information on the outcomes of the research will be made available to all participants.

You can request a summary of the findings of this study upon its completion.

The accompanying [Information Sheet](#) explains the overall project –and this interview– in more detail.

This study has been approved by the Tasmanian Social Sciences Human Research Ethics Committee (HREC), in which the HREC project number is [H0013245]. If you have any concerns of an ethical nature or complaints about the manner in which the study is conducted, please contact the Executive Officer of the HREC (Tasmania) Network on (03) 6226 7479 or human.ethics@utas.edu.au.

Best regards,

Mr Kritcha Yawised
Research Higher-degree student
School of Information and Communication Technology
University of Tasmania
Ph:
kyawised@utas.edu.au

PROJECT INFORMATION SHEET
(CASE STUDY INTERVIEWS)

Dear Participant,

We would like to invite your participation in the following research project titled '**The Role and Nature of Social CRM in Australian companies**'.

This research is being undertaken to fulfil the requirements of a Doctor of Philosophy under the auspices of the School of Computing and Information Systems at the University of Tasmania. The research will be conducted by Mr Kritcha Yawised, a research higher-degree candidate of the School of Computing and Information Systems, and overseen by Professor Peter Marshall in the School.

This project is a case study with the purpose of exploring and determining the role and nature of social customer relationship management (Social CRM) in contemporary Australian companies. We are interested in your experience and thoughts regarding your company's adoption of Social CRM, particularly your thoughts regarding the following: the extent to which your company has adopted Social CRM, the objectives of your company's Social CRM adoption, the level of your Social CRM investment, associated benefits and challenges of your Social CRM adoption, as well as your company's processes to monitor and measure the value of Social CRM. We are not seeking any specific information which might be considered sensitive or commercial-in-confidence.

The interview will involve around one to five participants (depending on the size and complexity of your Social CRM adoption) and will take about 30-45 minutes to complete. The interview will be audio-recorded and later transcribed. All audio-recordings and transcriptions will be kept securely in locked filing cabinets and on a password-protected computer in the University of Tasmania School of Computing and Information Systems building for a period of five years after the completion of the project, at which time all information will be destroyed.

All participants are guaranteed complete confidentiality regarding their responses to the interview question. All interview subjects will be given an alphanumeric identifier which will not have any defining or qualitative value. Any information you provide will be used solely for the purpose of this research and will be presented in aggregate form only. Participants may be re-identified through their company's name, but no individual information will be presented. All participants will be given the opportunity to review and correct a copy of their interview transcript.

Your participation in this case study is entirely voluntary. You can decline to answer any questions, or can decline to participate at all. You are also free to withdraw permission to use the data within two weeks of the interview, in which case the material will be deleted. Participants may request a summary of the findings of this research study by sending an email requesting the findings to the following email address: Kritcha.Yawised@utas.edu.au. A summary of the findings will be sent attached to a return email on the completion of the research study. Your participation in the study would be extremely valuable to our research. We believe that the study findings will give guiding principles regarding Social CRM adoption and provide a possible strategic direction for Australian companies wishing to

successfully adopt Social CRM. This will be useful for IT/marketing executives and CRM practitioners, who aim to develop a customer-centric enterprise and to use social media as well as conventional channels to effectively improve the existing and future relationships with customers. You can request a summary of the findings of this study and a report on the project and its findings will be sent to you on the completion of the project.

This study has been approved by the Tasmanian Social Sciences Human Research Ethics Committee (HREC), in which the HREC project number is [REF: H0013245]. If you have any concerns of an ethical nature or complaints about the manner in which the study is conducted, please contact the Executive Officer of the HREC (Tasmania) Network on (03) 6226 7479 or human.ethics@utas.edu.au.

If you have any other questions about this research, please direct them to Professor Peter Marshall at the contact details provided below.

Thank you for taking the time to read this information sheet. If you are willing to participate in this study, please complete the enclosed consent form, and return them to us by email at Kritcha.Yawised@utas.edu.au within 14 days. We will then organise the most convenient date and time for you to have an interview.

Professor Peter Marshall
School of Information and Communication
Technology
Faculty of Science, Engineering and Technology
University of Tasmania
Ph: (03) 6226 6255
Peter.Marshall@utas.edu.au

Mr Kritcha Yawised
Research Higher-degree student
School of Information and Communication
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Kritcha.Yawised@utas.edu.au

CONSENT FORM

Project Title: ‘The Role and Nature of Social CRM in Australian companies’.

1. I have read and understood the ‘Information Sheet’ for this study.
2. The nature of the study has been explained to me.
3. I understand that all research data will be securely stored in the University of Tasmania for a period of five years after the completion of the project. At the end of five years, all data will be destroyed.
4. I understand that I am given an opportunity to review and correct a copy of my interview transcript.
5. I have had all of my questions answered to my satisfaction.
6. I agree that research data gathered for the study may be published and re-identified through our company’s name. However, my personal data such as real name, image date of birth and address will not be identified in any publications arising from this research.
7. I agree to participate in this research study and understand that I can withdraw from the study, without repercussions, at anytime whether before it starts or while I am participating.
8. I understand that I can withdraw permission to use the data within two weeks of the interview, in which case the material will be deleted.

Name of participant:

Signature of participant.....Date.....

Name of company:

(Please print)

Contact Number:

.....

Email address:

Please return a signed copy of this form by email at Kritcha.Yawised@utas.edu.au within 14 days.

Thank you

Interview Questions for Social CRM in Australian company

Section A: Interview questions for Australian companies that have already adopted Social CRM or are in the process of adoption.

System Adoption

1. First, let us check with you what Social CRM is ... so what is Social CRM in your opinion?
2. Can you tell me the story of your Social CRM adoption and implantation – what were the main events in planning, adopting and implementing Social CRM and who were the main actors in making it happen?

[Check that the interviewee covers the following]:

- 2.1 Aims and objectives of the Social CRM initiative
- 2.2 Business case for the Social CRM initiative
- 2.3 What web sites and software applications did you use in your Social CRM initiative?
In general what IT tools did you use in your Social CRM initiative?
- 2.4 Did you use a specialist Social CRM provider? Did you use any consultants?
- 2.5 Do you have any online communities supporting your Social CRM initiative?
- 2.6 How are you measuring and monitoring your Social CRM initiative?
- 2.7 What are the realised costs and benefits to date – or what are the expected costs and benefits for the future?
- 2.8 What is the view of the top management team regarding the Social CRM initiative? Are they, generally speaking supportive?

Section B: Interview questions for Australian companies that have not yet adopted Social CRM (including those who have decided not to adopt Social CRM and those who have made no decision on the matter).

3. What is your opinion regarding Social CRM strategy and implementation?
4. Are you planning to adopt Social CRM? If yes, why? If no, why?
5. Has your company previously adopted traditional customer relationship management (CRM)? How did your previous experience with traditional CRM affect your views on expanding or enhancing your CRM program with Social CRM (ie enhancing it by interactions with social digital media).
6. Has your company adopted social networking sites to interact with customers?
If yes, What are they?
If no, why not?
7. If your company has a plan to adopt Social CRM in the future, what are the motivating drivers for Social CRM adoption in your company?
8. If your company has a plan to adopt Social CRM in the future, what would be your planned method of implementation?

APPENDIX C: Comparison of the findings from the survey and interview data

	<i>Quantitative Findings</i>	<i>Qualitative Findings</i>
Objectives for Social CRM adoption	<p><u>Current:</u> Main objectives include:</p> <ul style="list-style-type: none"> • Strengthen the company's brand (91%) • Enhance customer loyalty (80.4%) • Establish trust-based relationships with customers (79.6%) • Improve interactive communication between the company and customers (71.7%) 	<p><u>Current:</u> Main objectives include:</p> <ul style="list-style-type: none"> • Build the company's brand • Increase customer engagement • Establishing trust-based relationships with customers • Enhance customer loyalty <p><u>Complementary findings</u></p> <ul style="list-style-type: none"> ○ Market-related purposes aiming at exposing brand to a large audience ○ Engaging (rather than managing) customers
Social CRM strategy	<p>Ad hoc, superficial and usually not supported by a formal integrated strategy and policy framework</p> <ul style="list-style-type: none"> • Still a learning process (78.7%) • Limited knowledge (66.5%) 	<p>Not fully and formally integrate Social CRM into business operation</p> <ul style="list-style-type: none"> • Strategy characterised by high levels of informality, personal knowledge, experiment and abstraction • Strategy guided by informal policy <p><u>Complementary findings</u></p> <ul style="list-style-type: none"> ○ Focusing more on the strategic management aspect of Social CRM and less on its technological aspect ○ Create online community to facilitate transparency and build trust ○ Market segmentation ○ Individual and professional levels of engagement ○ Avoid force-feed advertising via social media (try to build

		<p>positive brand experiences instead)</p> <ul style="list-style-type: none"> ○ Focusing on acquiring new customers and retaining existing customers, not a shortcut to profitability
Factors influencing Social CRM adoption	<p>Characteristics of company</p> <ul style="list-style-type: none"> • Size of company • Type of company or market served : B2C vs B2B • Industry sector: services vs manufacturing • Support from top management 	<p>Characteristics of company</p> <ul style="list-style-type: none"> • Size of company • Type of company or market served :B2C vs B2B • Industry sector: services vs manufacturing • Support from top management <p><u>Complementary findings</u></p> <ul style="list-style-type: none"> ○ Age of company: Start-up companies with solid cash flow vs old non-innovative companies ○ Demographics of customers : Early technology adopters vs technology laggards ○ Top management's knowledge associated with new technologies and Social CRM ○ Social CRM requires all employee involvement particularly young employees with a better understanding of Gen Y customers and technological trends ○ Support from all staff (both young & old) – no staff resistance to new technologies
Role of marketing and IT	<ul style="list-style-type: none"> • Both Marketing and IT are responsible for Social CRM implementation 	<ul style="list-style-type: none"> • Both Marketing and IT are responsible for Social CRM implementation <p><u>Complementary findings</u></p> <ul style="list-style-type: none"> ○ Social CRM is typically initiated by Marketing ○ Marketing is responsible for 'front-end development' incl. planning implementing, managing and controlling Social CRM activities ○ IT is responsible for the 'back-end development' of the Social CRM platform and related technical requirements

Methods of using and integrating social media into a Social CRM system	<ul style="list-style-type: none"> • Develop (informal) guidelines for the use of SNSs by employees • Popular types of SNSs e.g. FB, LinkedIn, Twitter & Google+ <p><u>Complementary findings</u></p> <ul style="list-style-type: none"> ○ Proactively look for new ways of using SNSs to engage with customers 	<ul style="list-style-type: none"> • Develop (informal) guidelines for the use of SNSs by employees • Popular types of SNSs e.g. FB, LinkedIn, Twitter & Google+ <p><u>Complementary findings</u></p> <ul style="list-style-type: none"> ○ Different types of SNSs are adopted/used for different purposes ○ Revamping and re-branding the company's website and connect it to SNSs. ○ Use social media as a complementary channel to traditional media to disseminate useful information and promote brands and products/services ○ Do research by searching and getting the background information of a target person before approaching that person through SNSs ○ Restrict the employees with no social media responsibility to access to SNSs during working hours
Methods of implementing Social CRM	<p>Methods include:</p> <ul style="list-style-type: none"> • In-house (both developing and implementing) • Outsourcing vendors (both developing and implementing) • Outsourcing vendors (developing) & In-house (implementing) • Consultants for planning and execution (used large or micro/small companies) <p><u>Complementary findings</u></p> <ul style="list-style-type: none"> ○ Size of company determines the suitable method adopted 	<p>Methods include:</p> <ul style="list-style-type: none"> • The system developed in-house (linking SNSs to the internal CRM system) • Outsourcing vendors used in larger companies • Consultants typically used in large or micro/small companies <p><u>Complementary findings</u></p> <ul style="list-style-type: none"> ○ Not yet develop a business case for Social CRM ○ In-house development through observation and adaptation ○ Use of pragmatic, parsimonious, flexible and nimble methods ○ Alignment of organisational culture to the new strategy

	<ul style="list-style-type: none"> ○ Organisational rigidity (i.e. culture not aligned to the new strategy) is not an important barrier to Social CRM implementation 	<ul style="list-style-type: none"> ○ Sense of a shared vision of all members of the company ○ Inclusion of new strategies to the current ‘successful’ strategies (not change the current successful ones) ○ Steep learning curve (not rapid change)
Monitoring processes	<ul style="list-style-type: none"> ● Monitor SNSs for conversations ● Respond to customer conversations on SNSs 	<ul style="list-style-type: none"> ● Control and monitor SNSs ● Respond to customer conversations on SNSs <p><u>Complementary findings</u></p> <ul style="list-style-type: none"> ○ Effective response strategy in a timely and positive manner ○ Consistency of corporate messages, both inside-out and outside-in
Social CRM measurement	<ul style="list-style-type: none"> ● Measure the impact of social media on business results 	<ul style="list-style-type: none"> ● Measure the impact of Social CRM implementation <p><u>Complementary findings</u></p> <ul style="list-style-type: none"> ○ Small companies – Use metrics provided in the report generated from SNS providers ○ Large companies – Develop specific metrics for measuring the impact of Social CRM on business results
Benefits of Social CRM	<p>Benefits perceived in terms of:</p> <ul style="list-style-type: none"> ● Strengthen brand ● Build a trust-based relationship with customers ● Enhance customer loyalty <p><u>Complementary findings</u></p> <ul style="list-style-type: none"> ○ Duration of experience in managing Social CRM have an impact on the perception of benefits, where the full 	<p>Benefits perceived in terms of:</p> <ul style="list-style-type: none"> ● Strengthen brand ● Build a trust-based relationship with customers ● Enhance customer loyalty <p><u>Complementary findings</u></p> <ul style="list-style-type: none"> ○ Benefits of Social CRM linked to those of its social media features ○ Doubt in monetary benefits (e.g. ROI) from Social CRM

	benefits seem to only be realised over the long term	
Barriers and challenges to Social CRM adoption	<p><u>For Social CRM adopters</u>, main barriers include:</p> <ul style="list-style-type: none"> • Time consuming for controlling and monitoring social media and Social CRM (60.7%) • Lack of information on how to effectively implement Social CRM (36.5%) • Lack of knowledge and skills (33.2%) <p><u>For Non-Social CRM adopters</u>, main barriers include:</p> <ul style="list-style-type: none"> • Lack of support from top management (due to unclear benefits of Social CRM) (34.6%) • Perception of costs outweighing benefits (32%) • Rigid organisational culture (not aligned to the new strategy) (29.2%) 	<p><u>For Social CRM adopters</u>, main barriers include:</p> <ul style="list-style-type: none"> • Time consuming for controlling and monitoring social media and Social CRM • Lack of info on how to effectively implement Social CRM • Lack of knowledge and skills <p><u>Complementary findings</u></p> <ul style="list-style-type: none"> ○ Lack of control over the comment moderation process <p><u>For Non-Social CRM adopters</u>, main barriers include:</p> <ul style="list-style-type: none"> • Concerns (and unable to well manage) the negativity of SNSs • Doubts about the concrete monetary benefits (ROI) from Social CRM investment (<i>perceived</i> costs outweighing <i>perceived</i> benefits) • Lack of top management support <p><u>Complementary findings</u></p> <ul style="list-style-type: none"> ○ Law enforcement in some industries restricting the use of SNSs <p><u>Challenges for future investment in Social CRM</u></p> <ul style="list-style-type: none"> ○ Challenge of rapid technological change ○ Challenge in integrating short- and long-term benefits of Social CRM into future business objectives ○ Challenge in integrating multiple platforms for different SNSs into ‘all-in-one-place’ system to fully capture market opportunities (require significant investment in resources) ○ Challenge of developing a business case for Social CRM (if no concrete financial benefits are evidenced)

APPENDIX D: Example Interview Transcript

Date	5 th September 2013
Place	Room 355 Centenary Building, UTAS
Time	5.00-6.00 pm
Participant Position	Digital Marketing Manager
Industry Sector	Professional, scientific and technical services
State	NSW

Interviewer: Hi (participant name) !! How are you? We are going to start an Interview now.

Participant: No worries.

Interviewer: Ok Look!, just to get thing clear. Can you give your understand of Social CRM? So, we are talking about the same thing.

Participant: No worries. Social CRM is essentially social customer relationship management about managing your customer with both new and existing across their social media network including but not limited to Facebook, Twitter, LinkedIn etc., and also include your extent if you have your own internal CRM system that it kinds of social, so you have your own clients in there. A lot of the company managed their own one, they also managed to that.

Interviewer: Yes so, it's traditional CRM plus social media bit.

Participant: Yep

Interviewer: OK. Great!!. Can you tell us about how your Social CRM imitative got started?

Participant: Well Basically, before my time. We got marketing manager and my role here is digital marketing manager when they hired me they did not really know what they need at all and what Social CRM was. Anything wiped the firm with more kind of traditional. So, when I came in, I cannot start it, I start basically using all the social media network to help us, but attack clients and also interact with existing clients something like that— just help them understand the law firm has a bit to the personally and that way helpful so. I use Social CRM to basically provide them with helpful information like link to articles and things like that and that seems to work very well. Also using that as way sell it to let them know the basic contact us in variety ways. So they can message us or Skype, they can message us on Facebook and they can do a variety things to picking me up the phone which is on the way all of this things.

Interviewer: That is your talking about your clients when you saying ' they'

Participant: Clients and existing clients and people who are leaving clients. Like they like on our page on Facebook because really helpful law firm and we have pretty well-known brand in

Newcastle areas, so people can know that we are exist when I market to them on Facebook. They like our pages and they are not even clients but they know we provided that I can helpful service. If they would like to know a legal law such as car crash. They just post on the Facebook wall and I' m going to get a load of answer and they find that it is pretty helpful and if I do that effectively and they like it. Then they might use us in the future for paid work.

Interviewer: Yes Indeed.

Participant: Hopefully, they can have provided friend's information across Social CRM sometime.

Interviewer: So, to get the things start dealing with you, who is start social part of CRM for the company? Did you create it as business strategy?

Participant: Yes absolutely me. I would say no at this stage and in the future we will.

Interviewer: But somebody in the company must have been an idea in the digital marketing guy might be really helpful.

Participant: Um ... Well I get to an extent management knew about marketing manager they need someone digital book when I actually got the role the advertise was set on a marketing assistant role. It was a lot of different roles on I'm actually doing now. So, when I was an interview I actually came from Sydney after working in a variety of marketing in digital and social role for about six years. I wanted to come back to Newcastle; they want many roles of that suitable for me here. When I went in to this job I pretty much told them they needed it. The guy who can do digital marketing.

Interviewer: So you hire assistant marketing guy and then you are...

Participant: End of the interview I change it around here.

Interviewer: OK..Great!! Now Is there any IT guy in the firm that is hand-in in Social CRM marketing or totally marketing responsibility.

Participant: No, It is 100 per cent responsibilities for marketing. We have one IT manager and she is full-time but she does not really have any kind of marketing or social side of it. We are apply for customer relationship management, we try to do it with YAMMAR its internally, we try to use YAMMAR which is social network internally managed internal communication and the IT department help do that.

Interviewer: What is YAMMAR?

Participant: YAMMAR is social network platform which traditionally purchased by Microsoft, it is basically allow company or anyone to run their own internal social network. It is essentially like Facebook, Twitter , Google+ and so on imagine that your company had your own Facebook that was blocked from the rest of the world and you could play on each other, you could run project, put ticket on there but it all in one company. It has actually being used by a lot of

companies across the world, they are actually run all their communications for the goal. I mean the goal for social networking. The company actually had been eliminating the need for both phone communications and emails. And if everyone adopt it and use it, then it becomes a lot more stream line then and communicate a lot of easier.

Interviewer: Indeed, Why I was thought it was a great idea.

Participant: Yeah...,but I reckon 70 per cent of the law firm ..I mean I don't said it inquiry but people do are age over 45 and they did not really responses well. Well it's time to cut out the phone and email the things using for their life and lawyer. I would try to get them to move technology something like YAMMER which is a big league. All the young people like me start using it and web update.

Interviewer: Yeah!! you need a real critical mass.

Participant: Exactly.

Interviewer: Did you have a business case for Social CRM or you just get up and get going?

Participant: Um.. I did a research but I did university background a long time. So I can get a bit of research study in entire of law firm across the world, how are they using social media like and how to implementing on it... not like just Social CRM technology but like digital media everything. We plan to use like Google search engine for seeking customer's comments. We did a research and observing for the other firms for example. Everything and how to write a report about what I think the legal industry was going and that's pretty much was helped me get my job and then, I basically key start the company make them understand that if we start doing, they will be travelling here in Newcastle.

Interviewer: So, what is business? There was a kind of business case not a traditional costs and benefits.

Participant: For traditional one, more about academic research did everyone doing, more..., some like , you could call situational outfits if you really want it to.

Interviewer: Yeah!! Ok.. I got you. But wasn't Accounting costs benefits

Participant: No

Interviewer: And, did you actually run a Social CRM platform or system?

Participant: No we don't, just CRM system

Interviewer: OK, what is social media sites do you involved in indicatives?

Participant: I use all different social networks in different purposes and that essentially I think it across on a good for Social CRM manger if to use on network in different way than any of them effectively to share various the business objectives. For example, I use Facebook more click on

the target everyone like not clients just simple who have heard of it like our brand. It's just want to receive helpful update. I really don't know, I don't really sell to them that much. Most businesses might not using Facebook, they using blog and Twitter instead. I just want to be a nice and helpful as much as possible. Like some cool pictures and update when the law changes it and we hope they like us. Twitter, I kindly use that to post the link to helpful legal articles that we professionally written in. That was more and more using what cool link stating and we are trying to get them actually clicked from Twitter to go our website to get more traffic.

Interviewer: You call that link baiting do you?

Participant: Yeah Link baiting is essentially giving someone a bit of test and if they want to read more, they need to go to the article and that force for them to click and then go to your website that it was link baiting is, I try to get them to come to our website to read out professionally written articles. I did that more on Twitter and build on Face book this because Twitter that pretty much what Twitter is known for 80% links. And I use LinkedIn as well for the company that more for the company page I try to get a lawyer involved in that I believe it so important for the lawyer and our firm to be network across LinkedIn. So, I always try advocate them getting on their creating profile expanding their own personal network using the group Bla..bla ..bla..set up the Turnbull Hill the actual company page on that and we can add about employee to view our services. Here we have got about 64 websites on there. I post mostly business news on there, so it is a bit about more white collar business market. So, I tend to post business legal news the things like that.

Interviewer: Any other social media that you used apart from those main three?

Participant: I use Google+, I have Google+ so far, and you can go to Turnbull Hill to download Google+ , to download it. It does not look pretty kind of advance. We need to compare it in different law firm. But while is look advance, they might look good I don't really use that at all. I actually hate it. I don't see they offering me any benefits, I know but if you have one, kind of you use it one a month whatever. You did make Google think that you are using it that helped your search engine ranking for your actual website. It helped you with Google ad as well so that is the reason I got Google+, it to make Google thing supporting them, which all this back in going with them ensure that my ad go high and everything. We use also Facebook to generate enquiries. We use Twitter to disseminate information/articles. We use LinkedIn to build up the profiles of our lawyers.

Interviewer: Any others?

Participant: No, that's not pretty much for. I mean I was. If I wasn't working at law firm I would probably use Pinterest the thing like that.

Interviewer: Which one?

Participant: Pinterest.. P-i-n-t-e-r-e-s-t. Have you hear about Pinterest?

Interviewer: Um....Not much so

Participant: Pinterest is a huge new social network it's pretty much work, It was about 5 years ago. It's actually gaining a critical mass faster than Twitter is. So, It's pretty significant, it is very visual. It's more like a you know you clip thing to your fridge. Imagine if you profile with your fridge you need clip thing that you find on the Internet on to your wall. It is isolated with visual face of picture and images that you like across the web go, even a lot, there is biggest demographic is woman who post picture of a recipe and wasting stuffs and passion all that visual stuffs

Interviewer: That is Pinterest. Yeah I will take a look with that.

Participant: Brand is that to interest with customer wide. For example, if you want to show a photo laundry picture it escape that it full drive can take you?.... the visual and suddenly show the road all a graph, just making it. It can make it you'd like to go with a full drive.

Interviewer: Yes, are you measuring and monitoring your Social CRM expensed which is probably your salary I suppose against the benefits?

Participant: Yeah... Well, I try if possible. I'd try to match my expenditure toward convention and I say that convention that being and inquiry which actually come to the our firm which we have a chance actually turning into paid work. So, and inquiry someone actually cooling up with a date in a deeping case that we actually have a chance to converting, they got ticket a lot of type If it not illegal I'll show you about how I fit through that. So, when I actually a good one I call out a convention and I will try to track that back to where it came from. It's that actually one of a chance to me without using Social CRM platform tracking that convention. But, and I get that one of thing which you can probably explore a new work. I mean I know how much I spend on Facebook, I know who clicked my stuff on Facebook, I know who clicked my stuff on Twitter, but just kind of linking along the way back to conversation. It's difficult when you don't use a professional CRM platform.

Interviewer: No convention do you somebody who makes an inquiry or somebody you take up paid work?

Participant: It is inquiry...it is very different in legal industry because a convention from me for a contested state, example, it might be work 20 grand for a company. So an inquiry for me actually quite valuable if you can lead to that kind of work, if you are selling pens and papers the thing like that were five dollar each. Just an inquiry about the pen probably would me much to you.

Interviewer: So I can understand the convention in your sense are valuable, I just wonder whether you track how many conventions in your sense came through do actually paid work and whether you track a paid work back to an inquiry came from social media.

Participant: Yes, I do it very well with the Google launch and my first campaign I got at all working hundred per cent like one or two. It is tracked back very well, but my social platform like Facebook and Twitter and all of that, I have not got working at. I'd love like to and that should go for have been using in professional platform and I have not got to sort it. For me, my first campaign my high priority in terms of expenditure. I spend 90 per cent of my budgets on

search campaign. It's about 10 per cent of social platform. Say you cannot see my priority and timeline.

Interviewer: Did you say search platform?

Participant: It's search campaign. I run about nine to fifth teen campaign a month on Google Ads. And pay campaign and I invest about probably 8 to 10 K in that a month.

Interviewer: Can you describe what's happened, what's you doing in a search campaign, what the objective is, and what the activities are etc.?

Participant: No worries, so the objective is quite simple is, to generate inquiry because we are a multi-practice law firm, we have different areas of law ranging from criminal to family to business Blah..blah.blah.. Each of those in different areas of law has their own kind of, I guess convention value. For example, a contested state convention might be work 20 grand where a cheap will is might be work about twelve dollars. I would invest more money getting inquiries and they contested it state. Then I would forget in cheap wheel. With that said one of my campaign is like my biggest one is they contested state. I might try hard to get on Google everybody in New South Wales which is our web based and which is where we understand the law. We cannot operate outside of NSW because we are not a natural law firm. So my targeting is for near NSW only and I targeted for people who was searching in NSW the thing like , I want to contested a rule. I've been let down of the rule, I've been treated unfairly in a will blah... blah... blah... and I'll try to get them to land on my page and click on my Ads on the top of the Google, and if one of those clicked on my Ads, one of these clicked on my cost me about 25 dollars in the back in, that's sound is money.

Interviewer: OK, so you're searching for the contested that state?

Participant: Yes, everything of words or phrases that you can think that relates to contested rule in that the state. I 'm pretty much cover in NSW

Interviewer: So, when you find one what do you do with that exactly? You found something that is contested on the state, something on Google that refer to contest..

Participant: Well... I'll try to think what is the average Joe was typing in the Google to try find help when I've been unfairly treated and I'll try to think of what their would type and I'll put those phrases in, and then if someone actually type that they would see my Ads at the very top of the Google, and then they click it. They will go to my website. That's click cost me 25 dollars.

Interviewer: OK, you 've got something there with all these phrases and somebody might click on one of them and if I do I'll go to your website to have a look it.

Participant: Yes, and then I hopping I'm praying that my website written well enough and has enough cost action and make them actually pick up the phone or e-mail, or even chat with me ..on live chat

Interviewer: So, I just try to get it really clear..you send out what is this phrases on?

Participant: NO..No, I don't send out anything, I do Google search campaign the thing part of Social CRM. That's why I don't really want include that ..

Interviewer: Oh..OK, just try to understand a search campaign. Can you tell me again what you do?

Participant: So, people go on to Google, they are typing in phrases to get help. Basically, if everybody think several lawyer and they can go on Google find the answer without speaking to us without paying the money , so, what they do is they typing in how the way contested the rule which is ...these type of question phrases and the most comments. I'll try to think what they type and I paid Google money to appear at the top of the Google result each of those phrases. Some phrases its cost a lot of money because they high to fit phrases. Other phrases get search for web very often thing, there is cost much money. It's about if I put the budget in smart place and mixing around a bit a science to and a bit strategy and that's why I spend about 8 to 10 K a month on this type of balance smart phrase with our cost. If they actually click at my Ads and my Ads written well and then click it they go to my page. And they stay read on my page on the website and hopefully it's good enough they actually call us or email me.

Interviewer: What is the link between you looking for ...all sorts of things to see the contested state on them and forming an Ads?

Participant: An Ads on Google?

Interviewer: Yes, because you are looking ..you do a search on Google for all leads particular phrases and people who is speaking about on the net.

Participant: No..No...No.. I don't search. It's a customer and client.. Yeah!! the prospect...they are go on Google the average show who is the first I'm trying real in. they are go on this because they have a trouble with the law or they need help, or they got some kind of legal problem and they type in this phrases and catch on influence legal answer.....

Interviewer: And you hoping that they will end up with you when they typing in phrase..

Participant: Yes, and my job at marketing guide a law firm is to essentially find everyone doing that and capture hem somehow and build them in. And to do that actually do that job you can use Social CRM or you can use search and all I'm telling you that I use search for about 90 per cent of my time but and resources, I get the best results all of that.

Interviewer: And you don't call that Social CRM lower sound like that a bit.

Participant: I'm not... to me that just marketing. I'm just marketing person. It's just like having Ads on a TV, if they like it they pick up on the phone and call you so. If they come through to my website and they like what's say they'll call me or email me having actually manage any kind of the relationship. And I think manage a part of CRM is important it's about relationship. I don't have actually known who they are yet. So , you cannot have a relationship with someone until you know who they are. If I did random my page on Google I got no idea who they are until

they actually speak to me and then I can start with operation the relationship. If they want to get in my system after this converted I can start managing the relationship.

Interviewer: Yep, how do you determine which words or phrases put in your Ads is that...?

Participant: Ads is just my brand. I mean a million of thing I can do.., I can go an areas of law like divorce. I can typing divorce in Google myself and I can go in look at all my competitive and see what are they doing. The top law firms in the world do have budget and a good selling employee teams who unlike me if I have a hundred dollar I just copy word they doing but trying do it my way.

Interviewer: So, you piggy...back on their knowledge

Participant: Yeah!!! pretty much I mean I have come up with some like ground-breaking thing myself and no one else start. So I still try to do that but because of small law firm in comparison some of the huge international firms. A lot of it just watching of they do and trying do better and more creatively.

Interviewer: Do you know..you spend 10 per cent of your time on social media. Do you feel that top management support you in Social CRM initiatives?

Participant: NO..

Interviewer: So a bit of struggle in?

Participant: Yeah!!! Massive

Interviewer: Why don't they see a valuable? Is that against the fact that they are old people who don't use the internet much? sure

Participant: All that is crush but also because we are in the legal industry. All the inquiry and the people that had come in the door that I have actually manage to get and though from Social CRM and, I told them this inquiry has come from Social CRM. The level of inquiry in the quality of the inquiry had been remarkably low in their opinion.

Interviewer: And you agree with that opinion?

Participant: Sure instant, I do agree with this just because...Uha.... A lot of Social CRM inquiry coming from younger people like me and where as I said before it comes from a generation Y, trying solve all problems in ourselves but go to the Google and try to find an answer and try to find everything for free. Access for what we like we do. A lot of them trying to pull up and get free advices and they don't really want to pay for anything. As soon as I get someone who like that we want to get rid of them. Time-wasted and always type Google and they think...more of those people on Social CRM and that's why they don't like it .

Interviewer: Do you agree with that analysis so?

Participant: Umm.....The prove that pulling me the inquiry that I have got. I have to say, I have not converted that very well. They are not a high quality where is I mean on the flip side of that, surprisingly, as much as I hate that the traditional yellow pages which is me it like do stop these dates. The people who actually do the older people who actually do to use that and actually called up the number that we have in there. the conversation rate is very.. very.. high and they quite they need to pay money. It 's actually really good. It management comparing them to the people on Facebook that come in and don't want to spend money, that's wastes their time .

Interviewer: Yeah , unfortunately, it sounds if they might have a point in terms of money..

Participant: Yeah it is ...why is difficult.

Interviewer: What your saying is very big points of making actually with the respect to Social CRM that is young people, gen Y people are on there, but older people with money is not there. So, that is a big problem for Social CRM initiatives .

Participant: Yeah!!!

Interviewer: Unless, your company selling Skype or...

Participant: It's like, I think one of my manger use analogy of fishing trouts??...and they cannot upset on something like when you use Social CRM like your huge netting out there and you catching million...a million really really.. little fishes. Then you when you finally realised that it takes a lot of asset and a lot of people to rail that sheet and net in and you get so much crabs, but half on one big fish and that is actually worse eating in a month or that. it is a quite difficult time consuming and waste of time, he said. You are quite better off not using throw but actually doing out to hunt a big fish like one road

Interviewer: So, he is talking about much more targeted for the marketing.

Participant: Yeah... and he headlines focus on finding big fish in smart way than try to use Social CRM and the things like that and even search to an extent to cannot find everybody and hope it in among massive people that is a good one to get stay simply have not got a time throw through all this things inquiry so, ain't that good.

Interviewer: But some in rather strength they therefore both of your messages of digital marketing in the first place.

Participant: Yeah!!!!..I mean at that point. They was aware the quality of inquiry. They've never done before , but with that said my first campaign is very..very.. successful in that a month now about over 40 to 50 per cent of inquiry we get.

Interviewer: So, they are pretty happy with your search campaign.

Participant: Yeah, that's why I get 10K a month to throw Ads at Google because It's work. My troller analogy does not work to Google why I do get a lot of crap inquiries and I also get a heap of big fish in there. I got a system ..where like ..I'm actually a filter a lot of these stuffs now that

people actually speaking to me in the first instant that don't even get speak to a lawyer that I might engage and keep up. And the way I got a strategy working now , I'll try to find what a low quality crap inquiry and get rid of it before it hit manager to them that is really aware of that. Is that make sense?

Interviewer: Yes, it does look! I just want to make sure or really understand that search campaign again before we go.

Participant: Are you in front of your computer? OK.. go on Google

Interviewer: Ok!! on Google what you want me to do?

Participant: You in Tasmania Yeah.. try typing in the word Online –space-Divorce -space – Tasmania. How may what you see right up on the result?

Interviewer:Process Ads Google ..Online divorce Turnbull Hill Lawyers

Participant: Yeah !! That's me.. I'm paying money to be there and you know just Social CRM effective. Does it say on the bottom of my Ads Turnbull Hill Lawyers have a 106 following on a Google+

Interviewer: Yes it does,

Participant: That how I test using Google+ page

Interviewer: You said your search campaign basically putting out Ads like that based on your knowledge what's work

Participant: Yeah, we are getting up there right up the top it's not easy.. they like ..a million things you have to do ..I up connect that Ads to my Google+ account which is why I got 106 follower and Google really like that when you use Google services they really like it.

Interviewer: You cannot pay money to have that out up there, can you? You've got to do some others things.

Participant: It's free to have it there until click it. If you touch them it going to cost me about 10 buck.

Interviewer: So, you pay to have that there.

Participant: Yes, hopping that people click on it.

Interviewer: What've you done actually to get it there?

Participant: I going to Google backend which is a Google Ads. It's called Ads word which is a Google service which five month zero Ads. So, I have a backend I go in there all there and I set up all the campaign. One of my campaign it's called online divorce which is the one that you a

are saying. Within my online divorcee campaign, I have what called about 68 groups. One of my Ads group is called Tasmania. In that Ads group I have a bot 10 phrases. One phrase might be you just typing in Online –Divorce-Tasmania. Inside Ads that group, I've got a certain Ads which is the Ads your things. So, I've got 8 groups everything about state, everything is city. And that just one campaign, so I spent abot 40 to 60 buck a day online divorce straight away.

Interviewer: OK Basically, that's why you saying that just like advertise, it does not sound like advertising.

Participant: Exactly, it is advertising, there is no relationship there.

Interviewer: Yes, you are right. That's was helpful. I got Kritcha Here with me do you have any question Kritcha?

Interviewer: Let's me asking you about ..Do you have online community that supporting you business or not?

Participant: The only community that we have online. It's on Facebook. That's sound like a bigger online community. Internally, here we have a CRM system which is a not really socially actually quite old about 10 years old whatever. Like a very traditional things we have all that customers details in there and we tracked them against legal case and the money and any kind of stuff, but there is no communicating with them no relationship. But whenever we do anything with them like we are talking to them we was making a note about that inside the system but I couldn't call that community because people ain't speaking to us. The only community that we have that is Facebook community which has over 500 people in it on Facebook which is quite big for Newcastle law firm and biggest in new castle.

Interviewer: So, the community they have to sort to speak with each other as well as you.

Participant: Yes, we have already on Facebook.

Interviewer: And how do you built that Facebook community?

Participant: I started with the page when I got here and I use a variety of a technique to get in out there. I did a simple.... I saw an advertising Ad traditionally in Facebook which is going into Facebook Ads platform. And the only things you doing is your advertising the page itself. So, people see the logo they 'll know who Turnbull Hill are. They liked the page. That's work that got about 200-300 people in that door I also run thing like I send really helpful legal update. Example, anybody in NSW in the swimming pool has to register the pool in October. So, I would send that on Facebook. And then everybody would go Hey!! I know the other guy who have a pool, I'm going to send it to him. My article get send around on Facebook. If the article that I think worth sharing and I put it stuff on there make it a simple sharing. And that though how can I grown it. Yeah and the thing like that I' ll try to encourage everything in the law firm, all the employees and staff, I told them to get on there and for them to tell their friend to start the first thing any companies should do when they set up an social community to get their employee on that and to get their employee to tell their immediate network and then start basically foundation for any social networks in the business.

Interviewer: Basically, I just want to make it clear because it is very important why do you say that a first principle of forming an online community

Participant: Because the average of customer, they want to get, no body want to join a big part of community which has nothing going and nothing happening and no people in it. What I wanna see is the community that active that a most important and be has a critical mass which is gonna want their attention. If it I don't see that when I walk in the door they did not gonna join or be a part of it. It is very important if we actually force people , you have to force employees and staff get on there and get using that and to tell their friends and their network and hopefully its grow organically without money and thenonce you have a critical mass then we can start spreading out there.

Interviewer: I guess the other big thing was if a person gonna join to Facebook community then they gonna feel that some pay of there.

Participant: Exactly right yes ..of them something in return

Interviewer: So, Presumably that your need sort of articles.

Participant: Yes..!! if you go to my Facebook now, you are going to Tumbull hill lawyer Facebook page now. Without me even communicating anything to you the first thing you would do it you just go down a page a little bit, and you will see a kind of thing that I posted and if you don't like what you see. You will not gonna like my page. So, it is very important to have think on there and people against a responded. So, that's my way of communication how useful it is. It by looking what' I've done in the past.

Interviewer: Will family...and business.....

Participant: Yes that's my brand Ads..we set it in different areasa lot that we do. When you go down you can conversation with someone posted if off. And hopefully, some of those posted might be interesting something like that. I just hope that. Yeah ..like.. I 'm deliberately not try to sell to much because people hate that crap on Social CRM. They can't afford the people sound promoting the thing like that. I message a genuine one and a genuine one of like a really really good sell kind of thing. That's the only thing I really work me try force people un-try force to a black thing they just hate it.

Interviewer: So, you've got help improve the patient inside that.

Participant: Yes, I'll try to post all those nice thing suitable people like like you say something about your work experience going to cope for the first time. Everyone like it. If you post page nice thing people like it.

Interviewer: OK.. Is there anything I have not mentioned? (Participant name) you know I guess you don't know what you don't know so might be something about Social CRM that I haven't mentioned that I should do.

Participant: I would .. If you are studying in from your businesses make it very clear you cannot do all things at once. You really have to pick it battle when you're re come to Social CRM. Sound like a great idea to jump on everything and try to do a solution what is cover all basis. You 're really barely of just focus on one thing doing really well and you mastered that, for example Facebook, then you move on the other platform and you take a baby step on each one. If you make a mistake .You'll burn from it. And only when you're comfortable with the platform that you 're move to the another one and try to expand your social media footprint. It is very important if you are trying to do all things at once from the start , you are going to found miserably. For example, do you know Crust Pizza? In Tasmania

Interviewer: No, I'm not sure cause I have an experience in Melbourne

Participant: Yes, so Crust is a new relative massive franchise across Australia now, and I'll try to compare with Dominos a bit more premium. When they are start doing Social CRM which is a massive a piece company rather than Crust. Now like a build an endeavour of much a pretty rules and marketing as well. When they have first started they had a really small marketing team .. kind like one guy like me and they could not compare with a Pizza Hut and Dominos that's impossible. So, they did it on Twitter and they are think Free Pizza Friday and would only somebody like me on Twitter from 9 am to 12 am lunch time. And all you have to do that basically re-tweet that from twitter 9.00 am and 12.00 and then would pick one personal than everyone who did that to have a free pizza. And people just ate banana just between 9 and 12 on Friday and then they turn it off. And they did that for about 4 months and people actually looking forward to it and did everything on Friday. And then when they have a critical mass. They had expand and offering more things in all hours of that day thing like that.

Interviewer: Yeah interesting, just if the something negative said about Turnbull Hill lawyer and I didn't know about that would you likely to pick it up on social media?

Participant: Yeah definitely

Interviewer: How can you be sure? Because you in touch with Facebook and Twitter.

Participant: At part of my role, I'm really check it pretty much every half an hour, I've checked everything.

Interviewer: How do you do that do you just go to Facebook and go to Twitter?

Participant: I'm go to the Facebook. At the firm we've actually got a lot of this external social network then, they cannot employ..i'm only one to ..brand. I'm allow to go on this thing. Also my job so.

Interviewer: I mean they 're presumably regards the time wasting

Participant: for everybody else?

Interviewer: Yeah

Participant: Well, I don't really see that way. I think ..I mean it depends on your company depends on a lot of thing like what you do, but I actually think that all companies should open up social network to everyone. Because your employee are a biggest asset and your biggest network, as I said before when you're trying to set up community your employees and your employees' friends and family become the first thing.

Interviewer: That's a good point. That's really a good point.

Participant: Unless, you 're openly invite your staff they actually get involve what're you doing. If you are staff by involve who is supposed to be your strongest advocated. If they're not involving that who is going to get involve with it. I think it should open for everyone..yeah it's my job to check it so I do probably every half an hour if I find something negatives. The first thing I do I don't response to it actually take it to management and escalated. They explain to me like usually something negative. It's actually private and existing clients who had a bad experience and they come on to Facebook, Twitter, and Google+ whatever. To a bad mount, and then management explain that to me and then explain what 's happen with that particular clients. And then we're basically work together coming out with the solution obviously with an easier solution if I can actually do it. It's hide person, hide the inquiry or delete it. I'm not advocate that at all Social CRM, actually I think that's a wrong way to go about this thing. But it's different when you work in legal industry.

Interviewer: So what they saying to you that forgot it and hide a bloody things. And you say no we should answer that or something and they say no bloody hide it.

Participant: Basically yeah

Interviewer: Do you actually agree with it?

Participant: No, you should I mean...you have to address if you against to do Social CRM you have to do a Social CRM. You can't hide from it. If you open the front gate open the door you've done that you cannot go back. Back to the fishing trout I think..If you're throwing a net out there you gonna get good things and you gonna get bad things come in and you should have managed it. And that just your job you have to do it. You can't hide it

Interviewer: Yeah, I was also thinking ..you might hide it on your Facebook page, and you might crop up on the other Facebook pages no explanation anyway that really damaging.

Participant: I mean people these day if you hide something, sometimes, it's fussy throw on the major brand. It does not matter what you do and how fast you are. Someone post something negatively and you take it away. Someone has already seen it and take a screen show off it. Again if you take it a way it looks very bad for you. They could come back to bite you. A lot of done major that. And that one is a challenge facing people like me moving forward it. There is gonna be more and more of it if we go on.

Interviewer: So, you 're actually saying that and I've read a literature a number of thing saying oh ...you know we gonna do Social CRM and we are aware for monitor all comments

about the firm. I used to sit there and think how you gonna monitor all comments about the firm. You are actually saying that it is very easy to get on top.

Participant: No..No.. don't give me a wrong monitoring everything that people say might sound you like a massive time consuming, massive way to speak. I mean like really difficult but if you've actually have advance Social CRM software which is quite legally. It's expensive a lot of stuff actually done all that automatically or even this software now. I'm doing like a master in marketing now. I've just finished in qualitative study I assuming doing good now. Do you know like content analysis? The software that actually take , for example, on Twitter you can monitor everything that's you wanted from your customer all followers or tweet. I can monitoring using content analysis a thing like coding and code them back and they 'll give you and overall brand sentiments. It 's tell you how everyone collectively feel about your brand. Using truly word like bad words, fair words, negative phrases.

Interviewer: If you want to know about the bad things have been said you know a case involved X and Y cropping up badly you wanna know are, the bad sentiment come from cases X or Y and Case A and B, I go take this to manager what of these about ..OK. We can put out account tweet or accoutre in a case.

Participant: That's pretty much I would like to do response to them, for example, I have a Facebook person message me on Facebook private, they message Turnbull Hill lawyer privately and expressed their did concern all their complain with a help managed something. And one I got feedback from management about how I responded them because it's a private that I responded to that, and I responded to them with a blue cry of nice response, I think I gave them maybe thick as well which is not much..But what more important that posting on Facebook is speech, I go back with them very quickly I took it very seriously as soon as I got a message and then this go just a Facebook message , it's doesn't mean much then I actually took it serious for more complains. I've read that message straight away . and I get back them as soon as I could probably about 15 minutes. I think this is really important fact in Social CRM in terms of responding and try to develop a relationship with customers if they are talking to you , you need to talk back pretty quickly and get over and involve with you.

Interviewer: When I 'm talking about monitoring, I would thinking of I take you point on content analysis given you and overall stats on the positives and negatives, but I would think I would want the top three issues not only, if I knew a tendency for analysis criticism, I wanna know what are the big issues in that criticism and can you get that from us.

Participant: Yeah you can to extent whatever you get complain or even positives taste manner something like that and what you do. It' s very much like coding in qualitative analysis you try to make frames. I actually run this thing called.. Have you ever heard SurveyMonkey? I use SurveyMonkey to do customer satisfaction survey at part of that I sent them out by email to everyone who is actually has a matter match whether finished. I'll try to get a feel for how satisfy they were. That's is a very big survey about 5 pages, but one of the comments at the end like opened-end ...can you tell us anything more ..whatever. when I get that I tried to make theme all of it like, for example, if ten people tell me about bad things about how much we costs..I know that a problem with our value and value proposition OK. Back to management say Look!! I think it's very too expensive, I think we should drop it.

Interviewer: Do you actually get them to do 75 or 7 pages

Participant: I mean, I can email you to link of my SurveyMonkey link, I actually said it takes 2 minutes. It does five pages a lot. there are only one or two questions on each one but all multiple choice except that last one. It does less that 2 minute if you fast. I can email you a link too if you like

Interviewer: Yeah that's fine It's gonna be helpful.

Participant: I just let you know I have a return of 1 in 5 of those, and every five that I sent it to actually complete it.

Interviewer: 20 per cent of response rate. It's pretty good. So, is there anything else we haven't ask then?

Participant: Not really.

Interviewer: Thank you for that that's really been helpful. Could we perhaps get in touch with you again sometime like a later month?

Participant: Yes's fine.

Interviewer: Thanks bye.